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# International market, network, and opportunity selection: A systematic review of empirical research, integrative framework, and comprehensive research agenda

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## ABSTRACT

International Market Selection (IMS) is a strategic and complex decision by which firms choose the markets in which to be present. Despite the undisputed academic and managerial relevance of IMS, extant reviews do not include the most recent empirical literature, do not consider different perspectives linked to alternative units of analysis and research domains, and ignore important changes in the international business environment. This research aims to carry out a holistic and systematic assessment of recent IMS empirical research, propose an IMS framework, and provide directions for future research. We contribute to the international business and management literature by updating and upgrading our understanding of IMS, by expanding the IMS conceptualization, proposing an integrative conceptual framework, and developing research propositions, and by suggesting a comprehensive, updated, and radically original research agenda.

## 1. Introduction

International Market Selection (IMS) is the decision by which firms choose the markets in which to be present (Papadopoulos and Martín Martín, 2011). It encompasses different entry modes (Williamson et al., 2006), and its relevance has been consistently stressed in the international business, marketing, and management literature for decades (e.g., Brouthers et al., 2009; He et al., 2016; Papadopoulos and Denis, 1988). Scholars and managers consider it a critical decision in the internationalization process of firms. The large number and diversity of foreign markets, together with firms' limitations to identify, assess, select, and exploit opportunities abroad, underpin its strategic nature. Its impact on performance (Brouthers et al., 2009; Martín Martín et al., 2022) underscores the consensus that making better IMS decisions will likely pay off. Likewise, there are costs associated with entering the wrong markets and opportunity costs for not pursuing better alternatives (Papadopoulos and Martín Martín, 2011).

Traditionally, IMS studies have focused on proposing systematic market selection methods (e.g., Cavusgil et al., 2004; Ozturk et al., 2015); understanding how IMS is carried out in practice (e.g., Musso and Francioni, 2014); identifying determinants of market selection (e.g., He et al., 2016; Martín Martín and Drogendijk, 2014); and explaining outcomes of the IMS decision (e.g., He and Wei,

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2011; Martín Martín et al., 2022). In addition, seminal literature reviews and conceptual papers have helped us to understand earlier advances on the topic. However, most of them did not follow a systematic review methodology (e.g., Papadopoulos and Denis, 1988; Papadopoulos and Martín Martín, 2011).

Virtually all authors and studies agree that IMS is a complex, challenging, and multifaceted process and decision, resulting in fragmentation of study conceptualizations, diversity of perspectives and models, and inconsistent findings. Profound and recent changes in the technological, political, and natural international business environment also affect the selection of foreign markets and further challenge scholars' research agendas and practitioners' decisions. Therefore, given the undisputed academic and managerial relevance of the topic, which has led to rapid growth in empirical work over the last decade, scholars must incorporate the recent empirical findings into their research, practitioners need to become aware of and capitalize on them, and both parties must contextualize them in light of the continually evolving technological, political, and natural international business landscape.

Previous review efforts added (i) a taxonomy and review of IMS methods (Papadopoulos and Denis, 1988), (ii) an understanding of the empirical literature (Malhotra and Papadopoulos, 2007), and (iii) an integrative perspective on the different research streams that comprise IMS (Papadopoulos and Martín Martín, 2011). However, they did not address three substantial current research gaps. First, obviously, they did not include the most recent and rapidly growing empirical literature. Our review offers, instead, an updated perspective on IMS. Second, they did not consider alternative units of analysis and research domains such as market opportunities and business relationships, which have received increased attention in the international entrepreneurship, internationalization, and business network literature. And third, they did not discuss important international management topics and contexts that can be connected with IMS (e.g., psychic distance, country image, and imports), as well as recent phenomena and changes in the technological (e.g., online internationalization, social media, and artificial intelligence), political (e.g., geopolitical tensions and state-owned enterprises), and natural (e.g., climate change) international business environment.

Against this background, this study aims to cover the three research gaps mentioned above by carrying out a holistic and systematic review of the recent empirical literature on IMS. Therefore, our intended principal contributions to theory, research, and practice in international business and management are triple. First, to comprehensively review mainline IMS studies over the most recent 18-year period in order to update and upgrade our understanding of IMS by including contemporary insights and synthesizing findings that have not been reviewed before. Second, to expand the IMS conceptualization and perspective by incorporating findings and approaches from cogent IMS-related domains, particularly on international entrepreneurship and business networks, and by proposing an integrative conceptual framework and research propositions posing a moderating effect of the international business environment on IMS outcomes and a mediating effect of IMS determinants on the relationship between IMS approaches and models and the selection of foreign targets. Third, to suggest a comprehensive and up-to-date agenda of topics for further inquiry. Our review of recent studies enables us to capitalize on previous findings and explore research gaps. It provides a basis for proposing a radically original research agenda, including different units of analysis and research domains, IMS-related international management topics and contexts, and recent phenomena and changes in the international business environment.

The six main sections that follow (i) present an overview of the IMS conceptualization; (ii) explain our review methodology; (iii) systematically analyze the empirical literature on IMS; (iv) reflect on key observations and insights from the previous section and propose an integrative framework synthesizing the reviewed literature and research propositions; and (v) present an extensive research agenda to guide and inspire new studies in this area and (vi) some final conclusions.

## 2. Expanding the IMS conceptualization

International (also referred to as foreign) market selection has been studied from several perspectives and various research streams. There is no established definition of IMS. Recent conceptualizations are broad and view IMS as the decision by which firms evaluate and select foreign markets for expansion. IMS is part of the interlinked and multifaceted foreign market entry (FME) choices (Markman et al., 2019).

Different proactive internationalization motives, such as market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking (Dunning, 1993), lead to different IMS criteria and will also affect the evaluation of FME modes. When, instead, firms adopt a more opportunistic approach to internationalization and respond to stimuli from extant relationships or foreign markets (such as enquiries), they use more reactive criteria to assess foreign market opportunities. As a result, IMS encompasses activities and functions ranging from strategically choosing markets for export and selecting locations for foreign direct investment by small and medium-sized firms (SMEs) and multinational enterprises (MNEs), to opportunistically responding to external stimuli.

To gain a better understanding of both the different perspectives from which IMS has been studied and the research streams within IMS, it is essential to define the key concepts used in the IMS literature dealing with (i) the relationship approach, (ii) the opportunity approach, and (iii) firms' behavior. First, the network literature and the relationship approach focus on business relationships and consider the selection of exchange partners as the main decision problem (Andersen and Buvik, 2002). Second, the international entrepreneurship literature and the opportunity approach discuss causal and effectual logic and opportunity discovery and creation. On the one hand, causal and effectual logic offer contrasting views of the external environment as the former considers it relatively stable and with a low degree of uncertainty, and the latter as containing a high degree of uncertainty and complexity (Chetty et al., 2024; Sarasvathy, 2001). On the other hand, opportunity discovery refers to "the act or process of perceiving or finding a favorable set of circumstances to create value", while opportunity creation "is the act or process of shaping or creating a favorable set of circumstances to create value" (Chetty et al., 2018, pp. 70–71).

Third, referring to firm and IMS behavior, we can distinguish between systematic and non-systematic behavior. While in non-systematic IMS behavior "no formal methods are used at any step of the process" in systematic IMS behavior "both the search and

the analysis” of information “are carried out using an ordered set of rules and procedures” (Papadopoulos and Martín Martín, 2011, p. 139). Similarly, proactive vs reactive internationalization and IMS behavior refer to whether the firm actively seeks opportunities in foreign markets or whether its actions are merely the result of adjusting and reacting to external stimuli. We can expect a positive correlation between causation logic, foreign market opportunity discovery, and systematic and proactive IMS behavior.

In order to provide a broader conceptualization of the IMS decision, we must capitalize on the four main units of analysis that can be readily distinguished in the literature concerning IMS and FME. These are shown in Fig. 1, together with study samples in each case. There are several potential overlaps across the four categories. We present here the four units, along with the overlaps covered by existing research. First, the *country* has most often been adopted as a (geographic) unit of analysis in studies within the IMS stream (e.g., Cavusgil et al., 2004; Mersland et al., 2020). This approach capitalizes on the existence of comparative sources of information at the national level. Second, the *consumer* has often been the focus of the international market segmentation literature (e.g., Ter Hofstede et al., 1999; Ju et al., 2022), which has also considered the country and region (Steenkamp and Ter Hofstede, 2002). Third, *business relationships* are another relevant unit, and the business network literature has discussed this approach as scholars have emphasized

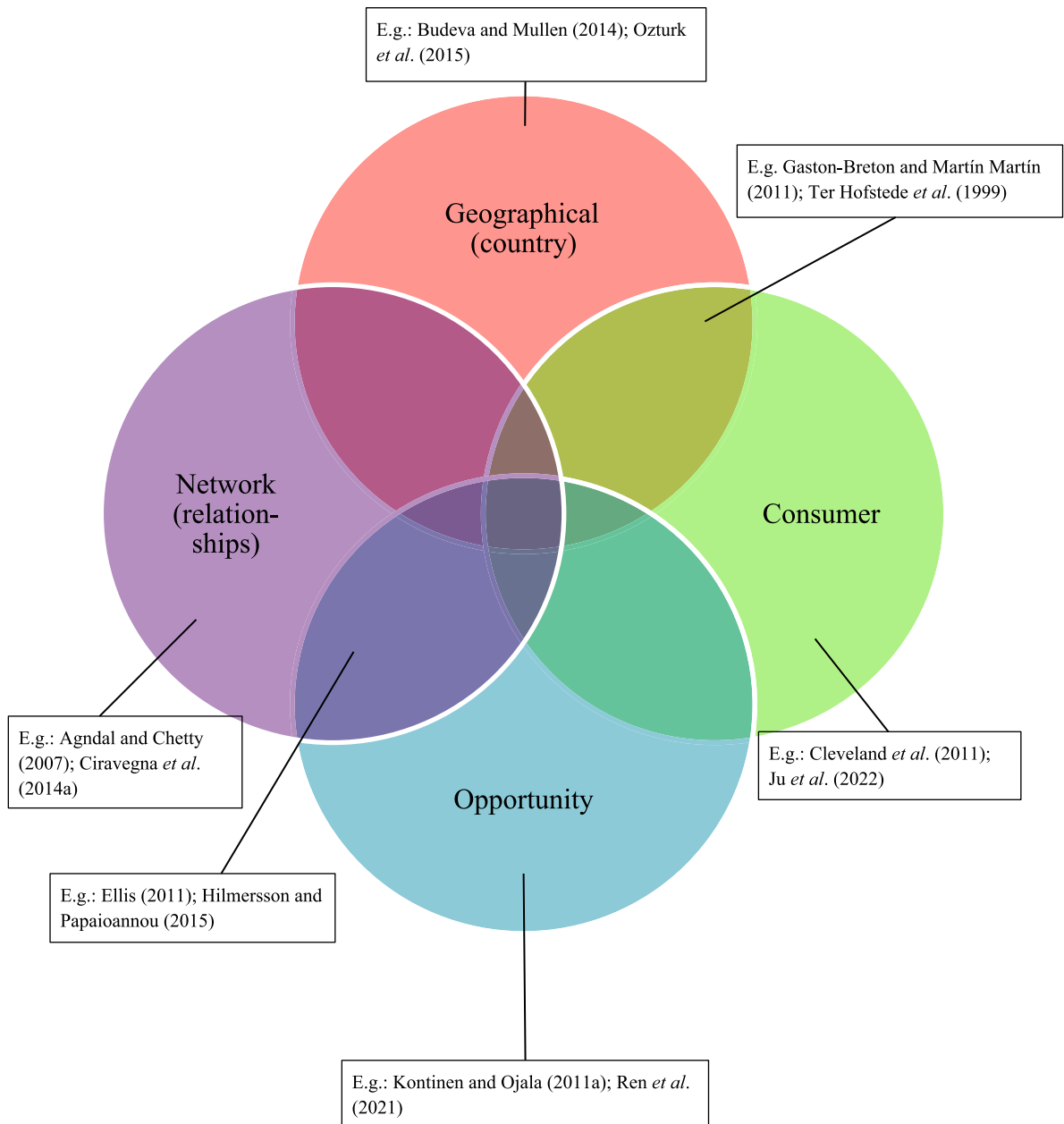
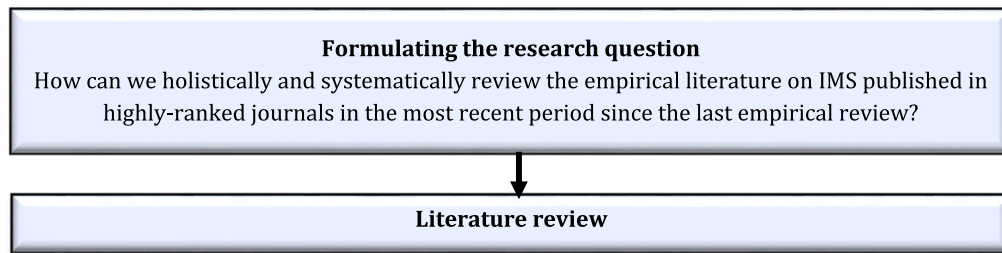


Fig. 1. An interconnected view of units of analysis used in IMS research.

explaining internationalization from a network perspective (Johanson and Vahlne, 2009). Finally, the international opportunity has been taken as the unit of analysis in the international entrepreneurship literature (Mainela et al., 2014) related to the selection of foreign targets. Many studies have also considered both units, business relationships and opportunities in foreign markets (e.g., Hilmersson and Papaioannou, 2015).



**Database:** Scopus

**Time frame:** 2006/2023

**Keywords:** International market selection, Foreign market selection, International market segmentation, International segmentation, Foreign market entry, Selection of the country, Country market selection, International customer selection, Foreign customer selection, Export customer selection, International opportunity identification, International opportunity discovery, and International opportunity analysis.

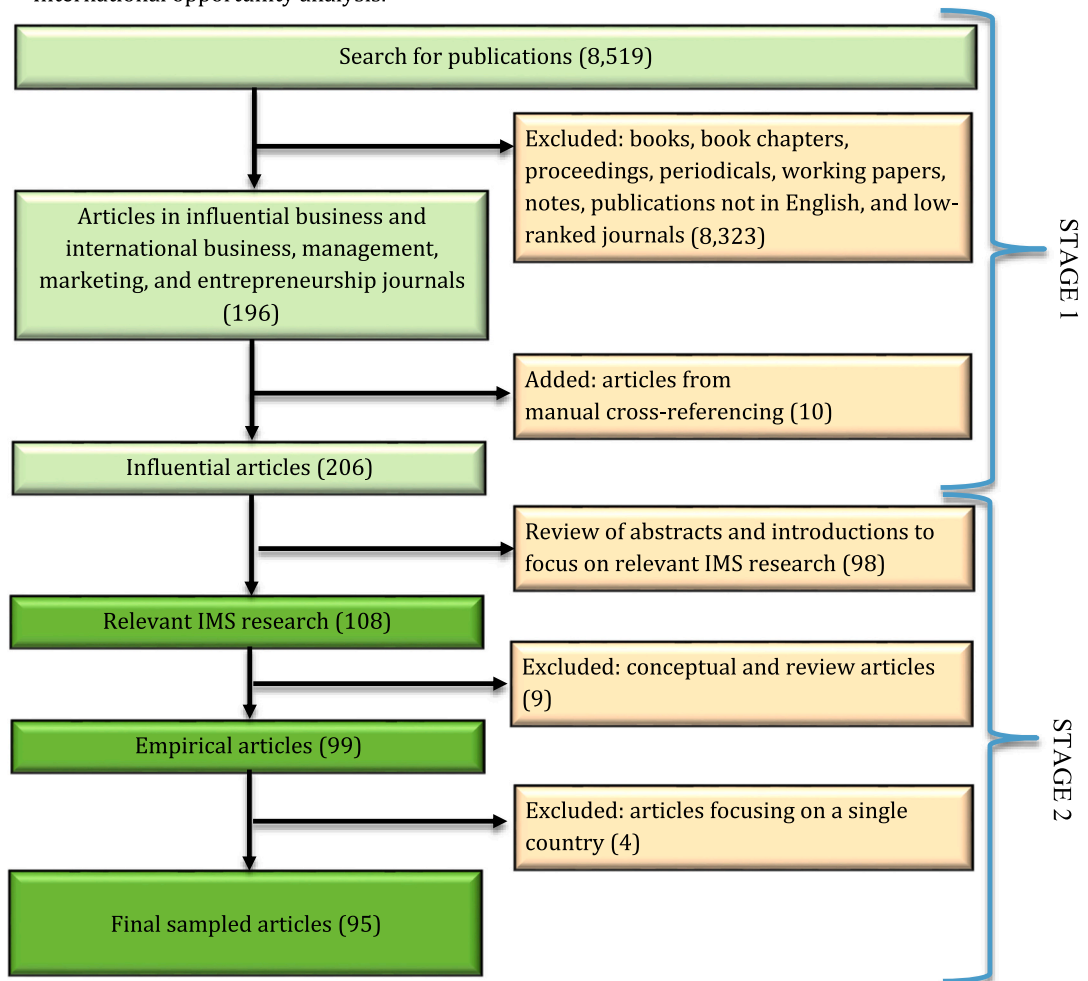


Fig. 2. Systematic literature review design and methodological approach to the search and inclusion of studies.

### 3. Methodology and approach to the review

To conduct the review, we adopted established principles for systematic reviews in management and organization (Denyer and Tranfield, 2009), and designed a methodology intended to include IMS and cogent research domains that reflect the related perspectives mentioned above. We adapted the systematic review methodology proposed by Tranfield et al. (2003) to our context with the help of other methodological literature review studies (e.g., Palmatier et al., 2018).

Since the latest empirical literature review on IMS (Malhotra and Papadopoulos, 2007) considered articles from 1960 to 2005, we focused on articles published between 2006 and 2023. In line with other literature reviews, our 18-year time range is long enough to identify emerging trends, patterns, and themes and avoids overlaps with the period covered by earlier empirical literature reviews on IMS.

The methodology comprised two main stages (Fig. 2). The first began by selecting Scopus as the database. We used a large variety of search terms, in both their singular and plural forms, including International market selection, Foreign market selection, International market segmentation, International segmentation, Foreign market entry, Selection of the country, Country market selection, International customer selection, Foreign customer selection, Export customer selection, International opportunity identification, International opportunity discovery, and International opportunity analysis. The search was within the article title, abstract, and keywords and within the Business, Management and Accounting category.

Similarly to most other review studies, we included only articles published in English and from the most highly-ranked journals according to the widely used ABS journal rating system. Following other literature reviews (e.g., Bocconcelli et al., 2018) we added a journal for data completeness, the Journal of International Entrepreneurship, as it focuses on analyzing topics under investigation such as opportunities and internationalization. Through manual cross-referencing, as recommended in most review studies, we identified ten additional articles that warranted inclusion, resulting in a total of 206 articles at the end of the first stage. The list of journals is shown in Table 1. It encompasses two general disciplines that deal with the relevant subjects, namely business and management, as well as two research domains that deal extensively with IMS: marketing and entrepreneurship.

The second stage began with an initial analysis of the articles' title, abstract, and introduction. This allowed us to focus our review on the selection of foreign targets as the main subject and to eliminate articles dealing with other internationalization issues (e.g., motives, entry mode, international commitment, timing, and speed) and related subfields not explicitly positioned as IMS (e.g., country risk analysis, environmental scanning). Thus, we included articles that clearly used IMS or its variants (e.g., opportunity identification) as a theoretical and empirical concept focused on the 'selection of markets' for expansion.

Consistent with our objective of focusing on empirical studies, and similarly to other review articles, a detailed examination of each article enabled us to exclude nine conceptual articles and literature reviews (e.g., Muzychenko, 2008; Papadopoulos and Martín Martín, 2011; Mainela et al., 2014; Katsikeas et al., 2020). We finally excluded four studies that deal with just one country in the context of internationalization but not 'selection'. As a result, our final sample contains 95 articles (see Table 1).

To better understand IMS, we went beyond bibliometric grouping. Guided by the fact that the two main groups of IMS empirical research include IMS practice (approaches and models) and IMS inputs and outputs (determinants and outcomes), two authors carefully read the abstract and full text of each of the 95 articles, coded their content, and grouped them into four categories that share a common theme: IMS 'approaches', 'models', 'determinants', and 'outcomes'. Although we initially developed our coding scheme

**Table 1**  
Selected journals and number of articles.

Journals by area	Number of articles
International Business and Management	42
International Business Review	18
Journal of International Business Studies	8
Journal of World Business	8
Management International Review	4
Journal of International Management	3
Multinational Business Review	1
Business and Management	11
Journal of Business Research	8
Strategic Management Journal	1
Journal of Management	1
Scandinavian Journal of Management	1
Marketing	26
International Marketing Review	11
Journal of International Marketing	6
European Journal of Marketing	6
Industrial Marketing Management	3
Entrepreneurship	16
Journal of International Entrepreneurship	6
Journal of Small Business Management	4
Journal of Small Business and Enterprise Development	3
Entrepreneurship: Theory and Practice	1
International Small Business Journal	2
TOTAL	95

deductively (Gaur and Kumar, 2018) based on existing IMS theory and frameworks, we were flexible and created subcategories through the coding process and analysis of the text of the articles. We refined the subcategories by moving back and forth between theory and data. The codes we used as labels representing the meaning of the topics are presented in Table 2. IMS approaches encompass firms' and managers' IMS behavior such as selecting customers vs. countries, being strategic vs. opportunistic or being proactive vs. reactive, while IMS determinants and outcomes include variables and factors used in empirical studies to explain IMS and/or its effects.

Intercoder reliability, measured by Cohen's Kappa metric, was high at 0.86 ( $p < 0.000$ ) for the resulting 380 classifications, showing a near-perfect level of agreement. The few remaining differences were reconciled after re-examining and discussing each relevant article. A decision rule was that the categorization was non-exclusive, and an article could be classified into two or more categories if it dealt with multiple related issues. The result of this process is shown in Fig. 3, along with the articles in each category, and is discussed in the next section.

#### 4. Classification and presentation of articles

This section is organized along the lines of the four categories in the classification, namely, approaches, models, determinants, and outcomes (subsections 4.1 to 4.4). It highlights commonalities in the contribution to IMS of the different studies. More insights on each study's main contribution to IMS are included in Table 3. Additional details providing context to each study such as the objective, theoretical lens, type of research (qualitative, quantitative, mix method), type of analysis (data analysis technique), industry, type of

**Table 2**  
Coding scheme.

Categories	Subcategories	Topics	Explanation
Approaches	International network/ relationship	Causation vs. effectuation logic	The article relies on relationships and/or networks in the selection of foreign targets (e.g., following customers, selecting partners, etc.)
			The article focuses on opportunities and discusses the role of causation or effectuation logic in the decision making
	International entrepreneurship/ opportunities	Foreign market opportunity discovery and creation	The article focuses on opportunities and discusses concepts referring to discovery or creation
		Strategic vs. opportunistic approaches	The article discusses the strategic or opportunistic selection of foreign targets
		Firm behavior	Systematic vs. non-systematic behavior
	Serendipitous behavior	The article discusses the role of serendipity in the selection of foreign targets	
	Proactive vs. reactive behavior	The article discusses the proactive or reactive behavior in the selection of foreign targets	
Models	General/enhanced models		The article presents an IMS model that can be used in several contexts
	Customized models		The article presents an IMS model that can be used in a particular context
Antecedents/ determinants	Differences and distance	Distance as the main or one of the factors	The article includes distance as the most important or a relevant variable explaining the selection of foreign targets
		Reconceptualization of distance	The article uses a new conceptualization of distance as the most important or a relevant factor explaining the selection of foreign targets
	Factors explaining the type of market selected		The article focuses on groups of markets as foreign targets (e.g., culturally close vs. distant markets, institutionally close vs. distant markets, etc.)
	Networks and relationships	The role of networks and relationships	The article focuses on relationships or networks as the driver of the selection of foreign targets
		Networks and opportunities	The article focuses on relationships or networks and opportunities as the drivers of the selection of foreign targets
	Market-related factors	Economic factors	The article includes economic factors as the most relevant variables explaining the selection of foreign targets
		Political and institutional factors	The article includes political and/or institutional factors as the most relevant variables explaining the selection of foreign targets
Psychographic factors		The article considers psychographic factors as the most relevant variables explaining the selection of foreign targets	
Firm-related factors	Knowledge, resources and capabilities	The article includes knowledge, resources or capabilities as relevant variables explaining the selection of foreign targets	
	Past performance	The article includes past performance as a relevant variable explaining the selection of foreign targets	
Outcomes	Export, international and financial performance		The article explains the impact of the selection of foreign targets on export, international or financial performance
	Subsidiary performance		The article explains the impact of the selection of foreign targets on subsidiary performance



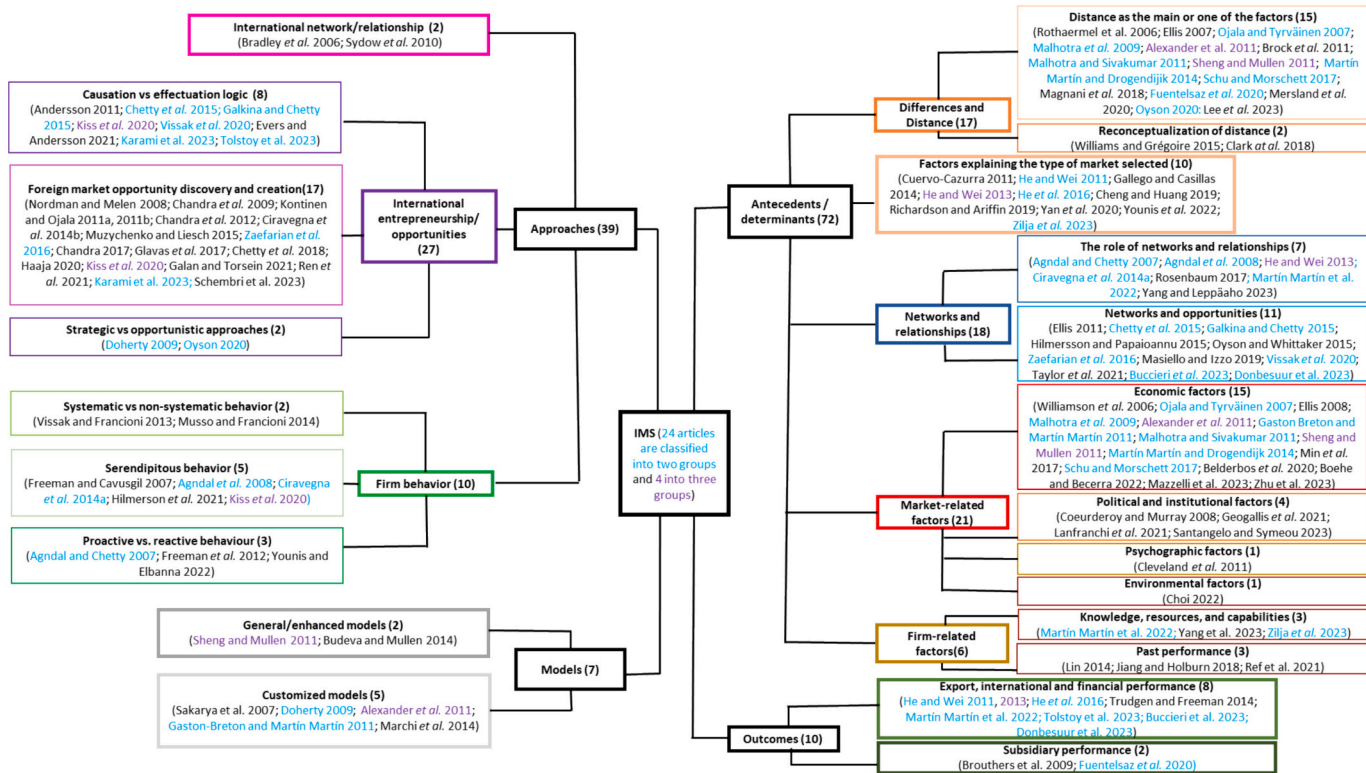


Fig. 3. Classification of database articles.

firm/customer, and sample are provided as supplementary material in the Online Appendix 1. For facility, the number of studies within each main and subcategory is shown in parentheses at each heading.

#### 4.1. IMS approaches (39)

Reflecting increased interest in how companies approach the selection process, IMS approaches have received wide attention, with relevant articles emphasizing (i) international networks/relationships, (ii) international entrepreneurship/opportunities, and (iii) firm behavior (Table 3).

##### 4.1.1. International networks/relationships (2)

Only two studies examined how networks and relationships characterize a firm's approach to selecting foreign markets either through international suppliers (Bradley et al., 2006) or inter-organizational networks (Sydow et al., 2010).

##### 4.1.2. International entrepreneurship/opportunities (27)

Many more studies considered the opportunity as the unit of analysis and the entrepreneurial and strategic logic underlying the decision-making process. In this regard, we can distinguish between (i) causation vs. effectuation logic, (ii) foreign market opportunity discovery and creation, and (iii) strategic vs. opportunistic approaches.

The *Causation logic (CL)* vs. *effectuation logic (EL)* concepts (8 articles) have received increasing attention in recent years, especially by scholars in entrepreneurship and its international sub-part (Chetty et al., 2015), reflecting a trend that is also found in IMS-related research. Most studies examine which logic firms are more inclined to follow while selecting foreign markets, revealing that firms and decision-makers were more likely to adopt, on the one hand, CL during opportunity identification and, on the other hand, to use EL during opportunity exploitation (Kiss et al., 2020), for reducing uncertainty during international expansion (Galkina and Chetty, 2015), when they lack knowledge about the market (Vissak et al., 2020), when they have existing relationships in foreign markets (Chetty et al., 2015), and for market creation (Tolstoy et al., 2023). Two studies (Andersson, 2011; Evers and Andersson, 2021) deal with the decision-making logic in born globals, mainly showing how this type of company can enter many markets quickly by effectually cooperating with local network partners. Lastly, one study (Karami et al., 2023) proposes a mediating role of effectual and causal decision-making logics in the relationship between entrepreneurial orientation and international opportunity.

Changing the focus from the decision maker's entrepreneurial logic to opportunities as the object of the entrepreneurial process leads to studies that have explored *foreign market opportunity recognition, identification, or discovery, and/or creation* (17 articles). We also include here studies dealing with international opportunities that touch on proactivity and reactivity. For instance, Kontinen and Ojala found that family firms recognize international opportunities mainly thanks to alertness (Kontinen and Ojala, 2011a) and suggested that family firms are more likely to be reactive during international opportunity recognition (Kontinen and Ojala, 2011b). In the same vein, Zaefarian et al. (2016) found that family firms tend not to identify international opportunities proactively. Ciravegna et al. (2014b) revealed that SMEs with a higher level of proactiveness in searching for and discovering the first international opportunity are more likely to export intensively and to a larger number of markets. Schembri et al. (2023) showed that path-breaking international opportunities disrupt the process of regular opportunity development and have strategic consequences for the firm and its internationalization. Other studies (Haaja, 2020; Ren et al., 2021; Kiss et al., 2020) expanded these findings by focusing on 'how managers think'. In particular, Haaja (2020, p. 16) noted that "collective international opportunity recognition is affected by the entrepreneur's mental images of both inter-firm collaboration and the foreign market". Lastly, contributions from Nordman and Melen (2008), Chandra et al. (2009, 2012), Muzychenko and Liesch (2015), Chandra (2017), Glavas et al. (2017), Chetty et al. (2018), Galan and Torsein (2021), and Karami et al. (2023) help to illustrate the growth of attention received by the international entrepreneurship/opportunity approach in line with the rise of research on (international) entrepreneurship in recent years.

The literature also contains two articles that consider *strategic* versus *opportunistic decision-making* with contrasting results. While Doherty (2009) found that most retail franchisors mainly followed a strategic approach during IMS, Oyson (2020) reported that several small firms expanded internationally under an opportunistic pattern.

##### 4.1.3. Firm behavior (10)

This set of studies can be divided into behavior that may be (i) systematic or non-systematic, (ii) serendipitous, and (iii) proactive or reactive. With reference to *systematic vs. non-systematic behavior* (2 articles), both studies (Musso and Francioni, 2014; Vissak and Francioni, 2013) found that Italian SMEs do not adopt a systematic approach during the IMS process.

*Serendipitous behavior* is a central concept in five articles. Most of them stressed how both decision-maker's decisions (Freeman and Cavusgil, 2007) and, consequently, the firm's internationalization path (Agndal et al., 2008; Ciravegna et al., 2014a) are often determined by serendipity. The planned or serendipitous nature of international opportunities (Kiss et al., 2020) and the firm's likelihood to capitalize on serendipitous opportunities (Hilmersson et al., 2021) have been discussed more recently.

Lastly, three studies dealing, among other things, with *proactive vs. reactive behavior* underscore some of the findings of the above studies. While Agndal and Chetty (2007) found that, during expansion, SMEs are more reactive when they have proximity to foreign markets, as this increases the possibility of unsolicited approaches, Freeman et al. (2012) suggested that born global firms tend to select markets more proactively than older firms, and Younis and Elbanna (2022) that decision-makers shift from a reactive mode to more rationalistic behaviors to decide on their first international market entry and are also more rationalistic in successive international market entry decisions.



**Table 3**  
Summary of articles and contributions.

Main category	First level	Second level	References	Main contribution
	International networks/ relationships		Bradley et al., 2006 Sydow et al., 2010	SMEs can enter foreign markets through the internationalization of supplier-customer relationships created with large-scale multinational firms located in the domestic market Importance of business relationships, and particularly of inter-organizational networks, during IMS
		Causation logic vs. effectuation logic	Andersson, 2011 Chetty et al., 2015 Galkina and Chetty, 2015 Kiss et al., 2020 Vissak et al., 2020 Evers and Andersson, 2021 Karami et al., 2023 Tolstoy et al., 2023	A born global company can enter many markets in a short time by effectually cooperating with local network partners Most New Zealand firms followed effectuation logic, while Finland's were more inclined to follow causation logic Finish SMEs were more likely to use effectuation logic to reduce uncertainty during international expansion While decision-makers usually adopt a deterministic causation logic during opportunity identification, they will likely adopt effectuation logic when turning to opportunity exploitation SMEs tend to adopt effectual decision-making logic during FME when they lack knowledge about the market Causation logic dominates the initial exploration stage, and effectuation logic dominates the later exploration and exploitation stages, such as market development and customer identification In internationalizing SMEs, firm-level entrepreneurial opportunity can be successfully translated into opportunity creation by applying logic in decision-making SMEs can control the uncertainties of digital business in international settings through effectual market creation
IMS APPROACHES	International entrepreneurship/ opportunities	Foreign market opportunity discovery and creation	Nordman and Melen, 2008 Chandra et al., 2009 Kontinen and Ojala, 2011a Kontinen and Ojala, 2011b Chandra et al., 2012 Ciravegna et al., 2014b Muzychenko and Liesch, 2015 Zaefarian et al., 2016 Chandra, 2017 Glavas et al., 2017 Chetty et al., 2018 Haaja, 2020 Kiss et al., 2020 Ren et al., 2021	Born Academics did not have a particular strategy, while Born Industrials concentrated more on discovering foreign market opportunities There is a correlation between prior international experience and knowledge, networks and international opportunities Family firms recognize international opportunities mainly thanks to alertness Family firms are more likely to be reactive during international opportunity recognition Context significantly affects the internationalization process of born global and non-born global firms Firms with a higher level of proactiveness in searching for and discovering the first international business opportunity are more likely to export more intensively and to more markets The identification of opportunities is defined by an individual's desire to develop a world-class enterprise Family firms tend not to identify international opportunities actively; instead, they often learn about them through serendipitous discoveries Founders of early internationalizing firms transition from simple to revised and complex approaches in evaluating international entrepreneurial opportunities International opportunity recognition plays a central role in the realization of international opportunities Firms can passively discover opportunities in foreign markets through unsolicited approaches but may also act proactively by attending trade fairs and through market research Collective international opportunity recognition is influenced by the entrepreneur's mental images of both inter-firm collaboration and the foreign market A change in focus from a trait-based approach to mental model qualities and/or the reasoning processes used at various stages in the opportunity detection process can offer fresh perspectives into FMEs International managers' cognition mediates the influence of contextual enablers (home country, firm and host country) into international opportunity-seeking behavior

(continued on next page)

Table 3 (continued)

Main category	First level	Second level	References	Main contribution
Firm behavior			Galan and Torsein, 2021 Karami et al., 2023 Schembri et al., 2023	Business ties play an important role in the identification of primary and subsequent international opportunities The SMEs' international opportunity development and their entrepreneurial orientation are positively correlated Path-breaking opportunities are significant events that alter the routine opportunity generation process and offer fresh insights that inspire a stronger dedication to internationalization
		Strategic vs opportunistic approaches	Doherty, 2009 Oyson, 2020	Most retail franchisors follow a strategic approach during IMS Several small firms expanded internationally under an opportunistic pattern of 'compressed internationalization' to multiple and distant international markets but with a low and fluctuating degree of commitment to their ventures
		Systematic vs non-systematic behavior	Vissak and Francioni, 2013 Musso and Francioni, 2014	The analysed company does not have a systematic approach to market selection. Entry decisions are often made in response to internal or external factors In most cases, SMEs have non-systematic and passive behavior during IMS
		Serendipitous behavior	Freeman and Cavusgil, 2007 Agndal et al., 2008 Ciravegna et al., 2014a Kiss et al., 2020 Hilmersson et al., 2021	Two specific attitudinal global mindsets of senior management (responder and opportunist) are more reactive, and accelerated internationalization is achieved primarily thanks to serendipity The serendipity role of social capital has a higher impact during later FMEs The internationalization paths of several SMEs are often determined by serendipity Managers adopt different decision-making processes and logics depending on the stage of FME (identification or exploitation) and the typology of the international opportunity (planned or serendipitous) Rigid planning and a systematic search for opportunities negatively influence the likelihood of serendipitous opportunities
		Proactive vs. reactive behavior	Agndal and Chetty, 2007 Freeman et al., 2012 Younis and Elbanna, 2022	During expansion into new markets, firms are more reactive when they have proximity to foreign markets, increasing the possibility of unsolicited approaches Born globals tend to select markets ready to adopt their technology, regardless of proximity As SMEs advance through repeated foreign market entrances, their decision-making process shifts rationally
IMS MODELS	Customized models		Sakarya et al., 2007 Doherty, 2009 Alexander et al., 2011 Gaston-Breton and Martín Martín, 2011 Marchi et al., 2014	Creation of a model that integrates existing tools and methods The author develops an IMS model that international retail franchisors could adopt They proposed an economics-based "gravitational" model for the retail market They presented and validated a two-stage market selection and segmentation model (more suitable for MNEs and institutions in Europe) based on the assumption that integrating both market attractiveness (selection) and consumer values (segmentation) could help decision-makers They created and tested a decision process model for small firms through the Fuzzy Expert System
		General/enhanced models	Sheng and Mullen, 2011 Budeva and Mullen, 2014	They created a "static" model by combining the economics-based gravity model and the marketing-based overall market opportunity index They found instability of country segments, implying that managers should regularly consider economic and cultural variables and country segment membership
ANTECEDENTS/ DETERMINANTS	Differences and distance	Distance as the main or one of the factors	Rothaermel et al., 2006 Ellis, 2007 Ojala and Tyrväinen, 2007	A negative relationship exists between perceived cultural distance and the propensity of international market entry Distance influences the internationalization of Chinese exporters Finnish SMEs prefer proximate countries, particularly during the selection of the first country market

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Table 3 (continued)

Main category	First level	Second level	References	Main contribution
			Malhotra et al., 2009	Cross-border acquisitions are influenced positively by administrative and economic distance factors and negatively by cultural and geographic distance factors
			Alexander et al., 2011	Although cultural and distance measures may align, their influence on market selection varies
			Brock et al., 2011	Incorporating various distance dimensions into a firm's early foreign market selection is essential
			Malhotra and Sivakumar, 2011	Cultural distance has an important role in market selection
			Sheng and Mullen, 2011	Both geographic and language distance have a key role in market selection
			Martín Martín and Drogendijk, 2014	Country distance has a negative effect on IMS
			Schu and Morschett, 2017	Cultural and geographical distance have a negative impact on IMS
			Magnani et al., 2018	Both distance factors and strategic objectives are important during the selection process
			Fuentelsaz et al., 2020	The strong formal institutions can neutralize a large distance in informal institutions and therefore support the possibility of choosing a market for entry
			Mersland et al., 2020	Overall, geographical distance does not influence social enterprises' decision to invest in a foreign market, while level of development, institutional strength, and country risk do
			Oyson, 2020	Recent SME internationalizers are expanding internationally to multiple and distant countries, which contradicts psychic distance theory predictions
			Lee et al., 2023	Cultural, geographic and economic distances have a negative impact on market selection
		Reconceptualization of distance	Williams and Grégoire, 2015	Executives' consideration of commonalities between their home country and potential internationalization targets will impact on IMS
			Clark et al., 2018	Country familiarity influences how managers select foreign markets
			Cuervo-Cazurra, 2011	Firms may select a country dissimilar to their origin for their initial foreign expansion
			He and Wei, 2011	Market-oriented firms are more likely to select culturally distant markets, especially in initial IMS decisions
			He and Wei, 2013	The level of domestic external networks is positively related to the likelihood of selecting a culturally distant market
			Gallego and Casillas, 2014	Early exporters have a more efficient international behavior than late exporters by selecting first destination markets that are institutionally closer to their origin country
			He et al., 2016	Transaction costs make it possible to predict exporting market selection decisions
			Cheng and Huang, 2019	Firms prefer to select institutionally proximal markets with higher home competitive and marketing pressure
			Richardson and Ariffin, 2019	Higher levels of religiosity did not lead to preferences for similar religious-majority markets
			Yan et al., 2020	Psychic distance is still important during IMS. Both formal and informal institutions allow SMEs to opt for psychically distant markets
			Younis et al., 2022	A shared religious affiliation within psychically close Islamic zones prompts an international networking orientation, leading to intra-Muslim internationalization among Muslim countries in the same region.
			Zilja et al., 2023	SMEs managed by CEOs with greater wealth often choose areas known for increased political risk
			Agndal and Chetty, 2007	Growth in foreign markets may be affected more by business than social relationships
		The role of networks and relationships	Agndal et al., 2008	During early internationalization, SMEs mainly drew on social capital in direct relationships to enter foreign markets, moving on to indirect relationships in subsequent phases
			He and Wei, 2013	Networks make it possible to reduce the high levels of uncertainty perceived by managers, thereby influencing their IMS decisions
			Ciravegna et al., 2014a	Costa Rican firms prefer more informal networks, while Italian firms rely more on formal networks of personal contacts

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Table 3 (continued)

Main category	First level	Second level	References	Main contribution
			Rosenbaum, 2017	For focal female entrepreneurs, formal and informal networks are not so important in IMS, and the Internet plays a much stronger role
			Martín Martín et al., 2022	Prior experience with foreign market entry (FME) can help select foreign markets and improve network capabilities
			Yang and Leppäaho, 2023	The activities of network bricolage, the significance of different operational domains, and the placement of the network ties employed are all influenced by national-level micro-foundations
		Networks and opportunities	Ellis, 2011	Social ties are an important determinant of the development process of international opportunity
			Chetty et al., 2015	SMEs tend to make foreign market selection and entry decisions by drawing on existing relationships instead of conducting detailed analyses
			Galkina and Chetty, 2015	Effectually formed network relationships help to determine the foreign markets a firm selects for entry
			Hilmersson and Papaioannou, 2015	SMEs have higher possibilities to systematically scout international opportunities if they are embedded in a network
			Oyson and Whittaker, 2015	Entrepreneurs discover international opportunities thanks to their international networks and knowledge
			Zaefarian et al., 2016	Family SMEs are mainly able to identify their first international opportunity through social networks and, subsequently, they also activate business relationships
			Masiello and Izzo, 2019	Traditional SMEs mainly choose a country that is close to their social network
			Vissak et al., 2020	SME strong (causal, plan-driven) and weak (effectual, opportunity-driven) network ties are beneficial for finding foreign customers
			Taylor et al., 2021	Based on the nature of the service embedded in their business model, opportunities and client followership are alternatively the primary drivers of IMS
			Buccieri et al., 2023	Reconfiguration capability is a significant determinant of international opportunity creation
		Donbesuur et al., 2023	Entrepreneurial bricolage is the determinant of international opportunity recognition	
	Market-related factors	Economic factors	Williamson et al., 2006	Market potential, level of competitiveness, and entry barriers, are very important factors to consider when selecting foreign markets for entry
			Ojala and Tyrväinen, 2007	The large market size was the most significant determinant for SMEs' country selection
			Ellis, 2008	The negative relationship between market size and entry sequence is moderated by psychic distance
			Malhotra et al., 2009	Market potential acts as a mediator between distance and market entries
			Alexander et al., 2011	Market size and attractiveness positively impact the likelihood of selecting a country as a target
			Gaston-Breton and Martín Martín, 2011	Two dimensions of market attractiveness, namely market size/potential and market development, are important for discriminating among markets in IMS
			Malhotra and Sivakumar, 2011	Market potential influences during IMS
			Sheng and Mullen, 2011	The possibility of choosing a country as a target is positively influenced by market size and attractiveness
			Martín Martín and Drogendijk, 2014	Market size is a significant driver of IMS and export flows
			Min et al., 2017	Market size has a positive impact on new market entry decisions
			Schu and Morschett, 2017	A country's likelihood of being chosen as a target is positively impacted by market size and attractiveness
			Belderbos et al., 2020	Managers must consider the relationship between the economic environment of the host country and those of other countries in which a firm operates
			Boehe and Becerra, 2022	Higher percentages of domestic competitors already existing in the same export market would increase the likelihood of a potential entrant entering the export market
	Mazzelli et al., 2023	The mean and variation of previous entrants' performance enhances the likelihood that family-managed firms would enter an international market		
		Zhu et al., 2023	The number of conational MNEs in the host country positively influences new FDI entries by companies from the same home country	

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Table 3 (continued)

Main category	First level	Second level	References	Main contribution
OUTCOMES OF IMS	Political and institutional factors		Coeurderoy and Murray, 2008	The regulatory protection for intellectual property and political risk are important for IMS
			Georgallis et al., 2021	Supportive policies attract foreign companies, a link which is moderated by characteristics of firms' experience
			Lanfranchi et al., 2021	For franchise chains, contract enforcement is more significant in developed markets, while foreign market potential is more significant in emerging markets
			Santangelo and Symeou, 2023	Home market liberalization helps state-owned enterprises overcome their lack of market legitimacy and makes it easier to enter host countries where free markets predominate
	Psychographic factors	Cleveland et al., 2011	The main psychographic factors for market segmentation are consumers' affiliation with national/ethnic cultures and their globally oriented dispositions	
	Environmental factors	Choi, 2022	In cross-border mergers and acquisitions, acquirers in industries with high emission intensity are likelier to choose countries with moderate environmental regulations	
	Firm-related factors	Knowledge, resources, and capabilities	Martín Martín et al., 2022	Prior experience with foreign market entry (FME) can help select foreign markets and improve network capabilities
			Yang et al., 2023	The quantity and location of overseas markets increase with international digital entrepreneurial marketing
			Zilja et al., 2023	Wealthier CEOs acquire targets that are dispersed throughout multiple countries
	Past performance		Lin, 2014	There is a relationship between performance aspirations and the propensity for a wide scope of internationalization
		Jiang and Holburn, 2018	Organizational performance strongly impacts the propensity to enter foreign markets and the type of country selected	
		Ref et al., 2021	There is a non-linear relationship between performance and expanding abroad	
Export, international and financial performance		He and Wei, 2011	Market orientation impact positively on international performance	
		He and Wei, 2013	External networks, absorptive capacity, and the synergistic effects of these factors with IMS play a significant role in international performance	
		He et al., 2016	Through transaction costs, it is possible to predict market selection decisions and achieve superior export performance	
		Trudgen and Freeman, 2014	The first IMS of psychically distant markets suggests a long-term perspective, whereby born globals pursue the operational performance and overall effectiveness outcomes	
		Martín Martín et al., 2022	Knowledge of prior foreign market entry can be applied to choose foreign markets and to improve international performance	
		Buccieri et al., 2023	Greater opportunity creation improves international performance	
Subsidiary performance		Donbesuur et al., 2023	Recognition of overseas opportunities has a favorable impact on export intensity	
		Tolstoy et al., 2023	Effectual market creation improves the international performance of Swedish e-commerce SMEs	
		Brouthers et al., 2009	In general, MNEs that adopt an IMS model with firm-specific advantages and transaction cost analysis have a higher subsidiary performance	
		Fuentelsaz et al., 2020	MNEs have better subsidiary performance when they opt for countries better aligned with the institutional environment	

## 4.2. IMS models (7)

Scholars attempted to either develop a general or enhanced model or propose a customized one (Table 3).

### 4.2.1. General/enhanced models (2)

Little attention has been paid to developing a general or enhanced model through the integration of different models and criteria. Considering international market segmentation at the country level, Sheng and Mullen (2011) posited a new but 'static' model while Budeva and Mullen (2014) focused on segmentation over time.

### 4.2.2. Customized models (5)

Most studies on IMS models suggest a tailored model more appropriate for a specific category of firms or industry. Three of the research studies in this category proposed models concentrating on retailers (Alexander et al., 2011; Doherty, 2009; Sakarya et al., 2007), whereas the two other studies considered the size of firms, specifically SMEs (Marchi et al., 2014) and MNEs (Gaston-Breton and Martín Martín, 2011).

## 4.3. Antecedents/determinants (72)

Turning from approaches and models to the antecedents and determinants of IMS decisions reveals five main themes that have attracted researchers' attention: (i) differences and distance; (ii) factors explaining the type of market selected; (iii) networks and relationships; (iv) market-related factors, and (v) firm-related factors (Table 3).

### 4.3.1. Differences and distance (17)

Articles in this category examined the role of differences, mainly *the distance between the firm's home and its potential target markets as the main or one of the factors influencing the IMS process*. More in detail, the focus of nine of these studies is on home-to-target distance as the principal factor influencing IMS (e.g., Ellis, 2007; Fuentelsaz et al., 2020; Malhotra and Sivakumar, 2011; Oyson, 2020), and most of them confirmed the importance of considering different distance dimensions into the selection process (e.g., Brock et al., 2011; Lee et al., 2023; Malhotra et al., 2009; Martín Martín and Drogendijk, 2014; Ojala and Tyrväinen, 2007).

Six studies (Alexander et al., 2011; Magnani et al., 2018; Mersland et al., 2020; Rothaermel et al., 2006; Schu and Morschett, 2017; Sheng and Mullen, 2011) included distance as one, but not the main, factor in their analyses. For example, the study of Magnani et al. (2018) found that both distance factors and strategic objectives are essential during the selection process.

Despite home-to-target 'distance' is commonly conceptualized in geographic or cultural terms, the remaining two studies ventured to a *reconceptualization of distance*. In particular, Williams and Grégoire (2015) suggested that "the more an executive perceives and considers commonalities between his/her home country and a potential internationalization target, the higher his/her preference for selecting this particular target" for expansion (p. 258). Turning to perceived country 'familiarity', Clark et al. (2018) found that it does influence how managers select foreign markets.

### 4.3.2. Factors explaining the type of market selected (10)

Several factors explain the type of market a company selects, such as culturally or institutionally close foreign markets. Three related studies that examined export destinations of Chinese firms found that market-oriented firms (He and Wei, 2011), the level of domestic external networks (He and Wei, 2013), and transaction frequency (He et al., 2016) make them more likely to select culturally distant markets.

Four studies focused on institutionally closer markets or institutions and noted that firms prefer institutionally proximal markets (Gallego and Casillas, 2014) if they face increasing but manageable pressures in the home country (Cuervo-Cazurra, 2011; Cheng and Huang, 2019). Institutions in the home country also permit the selection of psychically distant markets (Yan et al., 2020). Two studies considered religion-related aspects and observed that higher managerial religiosity levels did not lead to preferences for religious-majority markets in IMS (Richardson and Ariffin, 2019), while common religious affiliation influences SMEs' international networking orientation and market presence in Muslim countries in a region (Younis et al., 2022). Lastly, Zilja et al. (2023) found that SMEs managed by wealthier CEOs acquire targets in locations characterized by higher political risk.

### 4.3.3. Networks and relationships (18)

Studies in this category examine, on the one hand, the role of networks and relationships and, on the other hand, networks and opportunities. Concerning *the role of networks and relationships* (7 articles), most studies stressed the importance of (i) direct and indirect relationships (Agndal et al., 2008), (ii) business relationships (Agndal and Chetty, 2007), (iii) informal and formal or external networks (Ciravegna et al., 2014a; He and Wei, 2013), (iv) domestic and international networks (Yang and Leppäaho, 2023) and (v) network capability (Martín Martín et al., 2022) in IMS and market entry. In the only article that contradicts previous findings, Rosenbaum (2017) revealed that formal and informal networks were used in only 24 foreign markets out of 116 it examined, and that the Internet was considered an important alternative that played a stronger role.

Studies at the intersection of *networks and opportunities* as units of analysis (11 articles) often combine network and international entrepreneurship theory and concepts. Within this domain, some studies concentrate on essential determinants of international opportunity recognition/discovery, creation and development, such as entrepreneurs' social ties (Ellis, 2011), entrepreneurial bricolage (Donbesuur et al., 2023), reconfiguration capability (Buccieri et al., 2023) and international knowledge and networks (Oyson and



Whittaker, 2015). Others emphasized the importance of social networks in identifying the first international opportunity (Zaefarian et al., 2016) and during the exploration and exploitation of international opportunities (Masiello and Izzo, 2019). The remaining studies within this category examined the role of strong (causal) and/or weak (effectual) network ties (Chetty et al., 2015; Galkina and Chetty, 2015; Vissak et al., 2020) and firms' embeddedness in a 'closed' network (Hilmersson and Papaioannou, 2015) in the context of identifying opportunities, foreign customers or markets. Finally, Taylor et al. (2021), studying service-based born global SMEs, proposed that depending on the service's degree of intangibility and inseparability, either opportunities or client followership are their primary drivers for IMS.

#### 4.3.4. Market-related factors (21)

Studies in this category examined the impact of (i) economic, (ii) political and institutional, (iii) psychographic and (iv) environmental factors on IMS. Regarding *economic factors* (15 articles), many of these studies considered foreign market size (Ellis, 2008; Martín Martín and Drogendijk, 2014; Min et al., 2017; Ojala and Tyrväinen, 2007), market potential (Malhotra et al., 2009; Malhotra and Sivakumar, 2011; Williamson et al., 2006), market attractiveness (Gaston-Breton and Martín Martín, 2011), competitors' presence (Boehe and Becerra, 2022) and performance in a given export market (Mazzelli et al., 2023), and number of conational firms in the host country (Zhu et al., 2023) as central topics affecting IMS.

Three studies examined several internal and external factors influencing IMS (Alexander et al., 2011; Schu and Morschett, 2017; Sheng and Mullen, 2011) and included market type. Their findings also indicate that market size and attractiveness exert a positive influence on the likelihood of selecting a country as a target market. Lastly, Belderbos et al. (2020) suggested that managers must consider the relationship between the economic environment of the host country and those of other countries in which an MNE operates.

In addition to economic factors, *political and institutional factors* (4 articles) exert a significant influence on various aspects of international business, including, of course, IMS. Regulatory protection for intellectual property and political risk (Coeurderoy and Murray, 2008), policies for industry support (Georgallis et al., 2021), contract enforcement (Lanfranchi et al., 2021), and level of home pro-market reforms (Santangelo and Symeou, 2023) are some of the most influential factors.

Concerning *psychographic factors*, in the only study drawing on consumer psychographics theory, Cleveland et al. (2011) found that consumers' affiliation with their national/ethnic culture and their globally oriented dispositions are especially relevant for market segmentation in the contemporary global era.

Finally, regarding *environmental factors*, Choi (2022) reveals that acquirers in industries with high pollution intensity are more likely to select target countries with relatively lax environmental policies in cross-border mergers and acquisitions.

#### 4.3.5. Firm-related factors (6)

The final category within the domain of antecedents/determinants pertains to the impact of a firm's factors such as its past performance on its IMS and FME practices. On the one hand, foreign market entry knowledge significantly impacts systematic IMS (Martín Martín et al., 2022), wealthier CEOs acquire targets spread across more countries (Zilja et al., 2023), and international digital entrepreneurial marketing increases the number and location of foreign markets (Yang et al., 2023). On the other, research examined various performance aspects, including performance aspirations (Lin, 2014), organizational performance associated with managerial aspirations (Jiang and Holburn, 2018), and performance feedback (Ref et al., 2021).

### 4.4. Outcomes of IMS (10)

Studies on this topic show that scholars have focused on various IMS constructs and types of performance (10 articles) when studying the outcomes of the process (Table 3).

#### 4.4.1. Export, international and financial performance (8)

He and his colleagues also examined performance in the three related studies mentioned above, concluding that there is a positive impact on international or export performance of (i) aligning market orientation and IMS strategy (He and Wei, 2011), (ii) external networks and absorptive capacity and the synergistic effects of these factors with IMS (He and Wei, 2013), and (iii) in-depth analysis of transaction cost factors in IMS decision-making (He et al., 2016). Martín Martín et al. (2022) and Tolstoy et al. (2023) found a significant relationship between, respectively, systematic IMS and effectual market creation, and international performance. Donbesuur et al. (2023) reported a positive effect of international opportunity recognition on export intensity, while Bucciari et al. (2023) found that more opportunity creation leads to better international performance. Lastly, Trudgen and Freeman (2014) suggested that financial performance measures are inappropriate in the early market selection of BGs but will become increasingly valid as the firm grows and consolidates.

#### 4.4.2. Subsidiary performance (2)

Brouthers et al. (2009) showed that MNEs that adopt an IMS model, which includes firm-specific advantages and transaction cost analysis, generally achieve higher subsidiary performance. From a different perspective, Fuentelsaz et al. (2020) found that MNEs obtain better subsidiary performance when they select markets that are better aligned with the target market's institutional environment.

## 5. Discussion, integrative framework and research propositions

This section highlights key observations and insights from the preceding classification and review of empirical IMS studies, intended to serve both as a valuable and necessary ‘prequel’ that enables reflection on this body of literature and as a ‘sequel’, leading to our suggested integrative framework for IMS and research propositions below, and thence to our proposed agenda for future research in the next section.

### 5.1. Reflections on current IMS research

#### 5.1.1. Theoretical lenses

Studies on IMS reflect a substantive body of literature in the period under study. Empirical research has adopted several theoretical lenses (see Online Appendix 1), being international entrepreneurship (33 studies), the network perspective (21), IMS theory (10), distance perspective (10), institutional theory (9), the Uppsala/process model (7), and internationalization theory (6) the most frequently used. The prominence of international entrepreneurship theory and the network perspective reveals the rise of less rationalistic IMS approaches than the causal, strategic, systematic and proactive approaches and behavior preconized by the traditional and normative IMS literature. Effectual, non-systematic and reactive approaches and behaviors seem to be an alternative market selection route in the presence of high behavioral uncertainty and high uncertainty in the international business environment.

#### 5.1.2. Main themes and categories of articles

Concerning the four main categories used in the review, scholars have paid little attention to developing new IMS normative *models* (Section 4.2). This stream is limited to seven studies, of which two are general and five suggest customized models (Table 3), with only one article within each subcategory dealing with the important topic of international segmentation. Overall, this stream of research illustrates a broader weakness in IMS studies, which are still missing opportunities arising from the new data and possibilities offered by the evolution of Information and Communication Technologies (ICTs), such as social media.

By contrast, IMS approaches have received much more attention (Section 4.1, 39 studies), including articles that examine networks and relationships, international opportunities, and IMS behavior. Perhaps the small number of studies in the latter category (10), which includes subgroups on reactive/proactive, serendipitous, and systematic/non-systematic behavior, reflects ‘fatigue’ with the subject since it has long been established that the great majority of decision makers do not use systematic approaches to IMS. On the contrary, the large number of studies (27) focusing on international opportunities reflects both the growing importance of entrepreneurship and the noteworthy development that foreign market research is progressively and fruitfully focusing on opportunities as the level of analysis.

Interest in IMS determinants (Section 4.3, 72 studies) exceeds that of any other area and reflects the natural emphasis of scholarly thought on advancing knowledge through understanding ‘what firms do’. Cross-country differences and distance, factors explaining the type of market selected, networks and relationships, and market-related factors are considered the main drivers behind IMS (respectively 17, 10, 18, and 21 studies), while firm-related factors have received much less attention (6). Interest in performance as an outcome (Section 4.4) has also been low (10 studies).

#### 5.1.3. Research designs and methodological choices

Data has been drawn from various world regions, and although studies in developed countries are more frequent, quite a few have provided evidence from both major (e.g., China, India, Brazil) and smaller (e.g., Costa Rica, Morocco) emerging markets. There is a relatively good balance between qualitative (39) and quantitative (52) studies, along with a handful using a mixed approach (4). Only seven studies have adopted a longitudinal approach, either qualitative (Evers and Andersson, 2021; Schembri et al., 2023; Vissak et al., 2020; Vissak and Francioni, 2013) or quantitative (Budeva and Mullen, 2014; Georgallis et al., 2021; Lin, 2014). Although most studies have focused on SMEs, there is a scarcity of research dealing with family firms (4), which are more likely reactive (or not proactive), frequently use social networks in initial opportunity identification, and compensate for some of their shortcomings by being more alert in recognizing international opportunities. Research on MNEs is also scant (8).

Ten studies have focused on IMS in the context of born globals and early exporters, although there are only two quantitative studies connecting early internationalization and the selection of foreign targets (Buccieri et al., 2023; Gallego and Casillas, 2014). Surprisingly, only six studies have examined IMS in the context of the Internet or online internationalization. Other than this, there is no mention of other critical technological changes affecting international markets in current and recent IMS research.

### 5.2. An integrative contingent framework for IMS

Our review of empirical research over the past 18 years makes it possible to build the IMS contingent framework shown in Fig. 4. It represents the IMS process and is important in helping advance scholarly thinking in this area. The framework incorporates (i) the firms’ IMS approaches and behavior along with their effects; (ii) the role of formal market selection models and their impact; (iii) the principal IMS determinants/antecedents, specifically the role of distance and differences, factors explaining the type of market selected, networks and relationships, market-related factors, and previous performance; (iv) the impact of the IMS determinants on the selection of foreign expansion targets (whether defined in terms of countries, consumers, relationships, or opportunities); (v) the performance outcomes of the selection; and (vi) the impact of the international business environment (in particular, recent developments in the technological, natural, and political environment) on IMS and its moderating effect on the relationships between

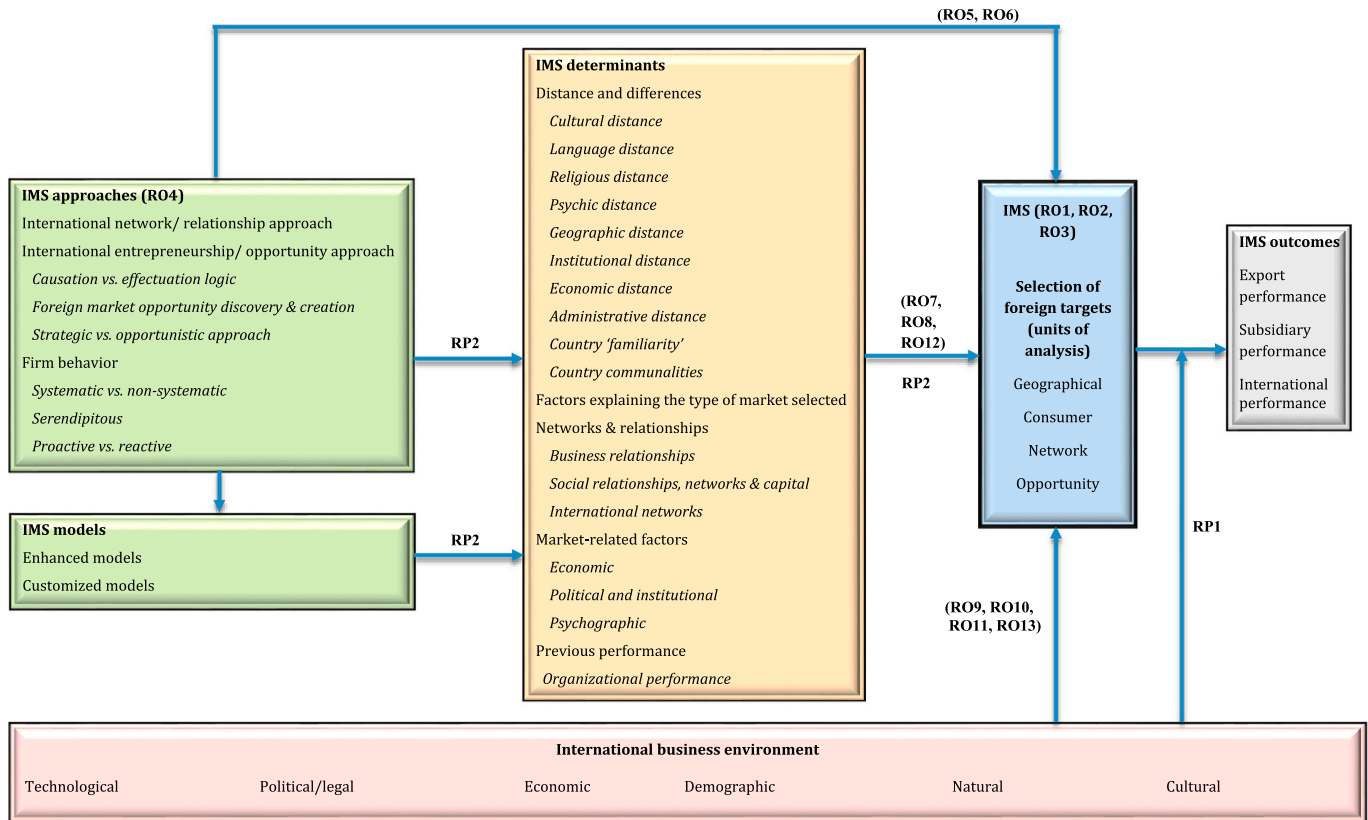


Fig. 4. An integrative and contingent International Market Selection framework.

IMS and performance. The framework portrays and reflects the most relevant contingent factors and context related to IMS, provides a holistic view of their relationships and connections, shows two research propositions for future testing, and integrates 13 research opportunities (RO) discussed in the next section.

Our literature review has revealed that studies in which different conditions, such as moderating factors, impact the main effects under study are nearly absent in IMS. Thus, we propose two research propositions (RP) to refine future IMS studies by incorporating currently missing moderating and mediating effects. First, the international strategy explains international performance (Cavusgil and Zou, 1994), and IMS, as a strategic decision, has proved explanatory power on different types and dimensions of performance in foreign markets (e.g., Brouthers et al., 2009). The role of market knowledge and the value of information when making decisions have provided theoretical support to a direct and positive relationship between IMS and international performance (Martín Martín et al., 2022). However, the IMS literature has not considered the contextual factors affecting this relationship and having the potential to provide a clearer picture.

Significant technological changes imply different technologies, innovations and products to compete in the global marketplace and carry out operations. When technological changes accelerate, innovations flourish, and new products spread. Technological changes shape the international business environment in global industries such as, for instance, the digital industry. Similarly, major natural challenges such as climate change and COVID-19 have a disruptive effect on international business, affecting the outcome of strategic decisions and strengthening the importance of monitoring the external environment and selecting the right markets. Likewise, political challenges and tensions erode the attractiveness of foreign markets (e.g., Russia since the war in Ukraine) and reinforce the relevance of identifying and selecting the most suitable foreign markets to obtain foreseen returns.

These and other changes and challenges in the international business environment increase market and firms' uncertainty about operations abroad (Johanson and Vahlne, 1977). Market uncertainty is "the decision-makers' perceived lack of ability to estimate the present and future market and market-influencing factors" (Johanson and Vahlne, 1977, p. 29) and uncertainty about the future is intensified by the novelty intrinsic to new products, services, and markets (Engel et al., 2017) and other changes in the international business environment. We posit that companies facing market uncertainty may use relationships and networks and/or an effectual approach focusing on opportunities as mechanisms to cope with uncertainty (Johanson and Vahlne, 2009; Sarasvathy et al., 2014; Vahlne and Johanson, 2017).

International business uncertainty is expected to affect the relationship between IMS and international performance. In particular, changes in the international business environment, implying an increase in uncertainty, may make more important relationships and networks, and opportunities, as the focus of IMS to strengthen its impact on international performance. However, market uncertainty "can also decline as a consequence of a competitive-or political-stabilization of market conditions" (Johanson and Vahlne, 1977, p. 30). When changes in the international business environment imply a decrease in market uncertainty, IMS focusing on geographical units (countries) and consumers is expected to be more effective and strengthen the relationship between IMS and international performance. In this context, international market uncertainty and information-related problems decrease as more market knowledge is accumulated by the firm (Johanson and Vahlne, 1990).

In a dynamic, complex, and turbulent international business environment, it is critical for firms to be able to identify 'whom to target'. Decision-making effectiveness is higher when the firm copes with uncertainty by focusing on relationships, networks, and opportunities. Selecting the wrong foreign markets is costly because competitors can be left unchallenged, benefit from first-mover advantages, and create barriers to late entrants. In this type of environment, adopting a geographical or traditional IMS approach is ineffective as new foreign market knowledge cannot be accumulated fast enough when uncertainty is high. In other words, the speed at which changes in the international business environment occur is higher than the speed at which the firm can learn to reduce uncertainty.

Based on our preceding discussion on the effects of changes in the international business environment and uncertainty in the relationship between the selection of foreign targets and international performance, we put forward four interrelated research propositions and call researchers to refine their theoretical underpinnings and provide empirical evidence. While RP1a and RP1b suggest that increases in uncertainty derived from changes in aspects of the international business environment (such as technological, natural, and political factors) make, respectively, relationships and opportunities more effective approaches to succeed in foreign markets, RP1c and RP1d posit that when international business uncertainty decreases, the geographical (country) and consumer approaches to IMS gain relevance to achieve international performance.

**RP1a:** *When changes in the international business environment increase uncertainty, the association between relationship and network selection and international performance is strengthened.*

**RP1b:** *When changes in the international business environment increase uncertainty, the association between opportunity selection and international performance is strengthened.*

**RP1c:** *When changes in the international business environment decrease uncertainty, the association between geographical (country) selection and international performance is strengthened.*

**RP1d:** *When changes in the international business environment decrease uncertainty, the association between consumer selection and international performance is strengthened.*

Second, IMS approaches (e.g., international network/ relationship approach) and models (e.g., Budeva and Mullen, 2014) typically consider different IMS factors and criteria when making the IMS decision. Thus, we suggest that the IMS approach and the specific IMS method used influence the set of uncertainty-reducing factors and criteria employed in practice by managers and firms to make the IMS decision. IMS is a boundedly rational decision (Papadopoulos and Martín Martín, 2011), so using a systematic (following rules and

procedures to search and analyze information) and proactive approach or an IMS model should help make the decision.

Mental models can also be a basis for knowledge and a filter for new information in internationalization decisions. They enable individuals to deal with complexity, uncertainty, and novelty in the international business environment by simplifying it and combining information cues into frameworks (Maitland and Sammartino, 2015). Understanding the logic and mechanisms connecting IMS approaches and models with the IMS decision will provide a more contingent view of IMS and new insights about its most influential drivers. From a theoretical standpoint, the role of cognition and how individuals exercise judgment (Maitland and Sammartino, 2015) in the IMS decision and how this affects the consideration of differences and distance between countries, networks and relationships, market-related factors, or firm factors requires theoretical discussion and empirical examination. Therefore, we formulate a second proposition for future discussion and empirical testing.

**RP2:** *International market selection determinants mediate the relationship between the IMS approaches and models and the selection of foreign targets.*

## 6. Agenda for future research

Although our systematic review has limitations such as the fact that we do not cover all studies since scholars started paying attention to the topic in the 60s, we focus only on ABS journals, and we do not include conceptual articles, our study and research design are consistent with the identified research gaps and purpose and evaluate and synthesize recent findings and knowledge on the subject in a robust, rigorous, transparent, and reproducible manner.

Papadopoulos and Martín Martín (2011) outlined several specific questions that are still relevant and have high research potential for impactful future studies. Nonetheless, we have here the chance to capitalize on the preceding review of recent empirical research to elaborate on 11 topics and 13 research opportunities that, we believe, represent the major necessary thrusts for advancing the area in the future. Some of these are directly derived from the preceding review, while others are more closely connected with the evolution of the international business environment and can be seen as radically new (see Fig. 4).

### 6.1. Units of analysis

A problem affecting IMS is that research is fragmented, and several perspectives on the process and decision regarding market selection have ignored, instead of building on, each other (Papadopoulos and Martín Martín, 2011). The coexistence of different units of analysis across the spectrum of extant research and across time exacerbates this problem. Earlier studies used the geographic ‘country’ most frequently, and some focused on cross-country ‘consumer’ segmentation (e.g., Cleveland et al., 2011) as the units of analysis. However, recently, these have been displaced by growing scholarly and applied interest in the ‘networks’ approach, which considers markets as borderless and customers as part of the firm’s business relationships, and in international ‘opportunity’ identification, which is central to the entrepreneurial mindset.

Although our review includes studies from these four units of analysis, future research could also cover relevant gaps at the intersection between two or more of them (RO1) (Fig. 1). Table 4, intended to assist researchers in identifying consistent paths in research designs involving more than one unit of analysis, juxtaposes the four units together against six relevant parameters: decision-

**Table 4**  
Units of analysis in International Market Selection and their characteristics.

Unit of analysis	Decision-maker behavior	Decision-maker rationality	Type of firm	Environmental uncertainty <sup>1</sup>	Liability	Theoretical lens
Country	Proactive	Bounded	Knowing (rationalistic)	High (low commitment) Low (high commitment)	Foreignness	Knowledge-based view/causation
Consumer	Proactive	Bounded	Knowing (rationalistic)	Cultural, institutional, & economic differences (High/Low distance)	Foreignness	Knowledge-based view/causation
Network	Proactive/reactive	Bounded	Relationship building	High (insidership) Low (transactions)	Outsidership	Network theory & effectuation
Opportunity	Proactive/reactive	Bounded	Entrepreneurial	High (effectuation) Low (causation)	Newness	International entrepreneurship, causation & effectuation

<sup>1</sup> In parentheses are the determinants or outcomes of uncertainty.

maker behavior and rationality, type of firm, environmental uncertainty, the main type of liability facing firms expanding internationally, and the theoretical lens most often associated with each unit.

### 6.2. Networks vs. geographical selection

International business research has shifted toward a more pragmatic approach in which firms' relationships and position in business networks are considered the main drivers of internationalization (e.g., Johanson and Vahlne, 2006). By being an insider in a network, firms can more effectively discover and create opportunities than by pursuing theoretical opportunities (Johanson and Vahlne, 2009). Thus, even though the literature suggests that systematic IMS affects performance positively (Martín Martín et al., 2022), the role of market research and planning has been downplayed in favor of more pragmatic, relationship-driven, and opportunistic views and entrepreneurial behaviors. However, there is a lack of studies that combine both perspectives (the network and the traditional/geographical) to explain international performance, suggesting the need for scholars to use and contrast both perspectives (RO2) simultaneously.

### 6.3. Towns and other geographical units

Research firms and public institutes frequently publish assessments and rankings of countries, cities, cross-border and within-country regions, and other geographically-defined units of analysis, based on subjective measures (e.g., 'image' or 'attractiveness') as well as objective information (e.g., 'cost-of-living' or 'competitiveness' criteria). As more and more data at the municipal level become available (Kardes, 2016), considering geographic units of analysis other than 'country' becomes desirable and increasingly feasible. However, despite recent studies on MNE location at the city level (e.g., Goerzen et al., 2024), and in spite of both anecdotal and research evidence that both managers (e.g., Papadopoulos and Cleveland, 2021, in foreign investment) and consumers (e.g., Ban and Ban, 2012, in tourists' selection of holiday destinations) often select locations at the subnational level, the potential of other geographical units within or across countries remains practically untouched in IMS research (RO3).

### 6.4. International entrepreneurship

Early entry into foreign markets characterizes born globals and international new ventures. Empirical studies have combined measures of timing and level of internationalization to identify samples of entrepreneurial firms and to study issues such as managers' experience, international performance, and differences from traditional firms. However, with few exceptions and mainly based on qualitative research (e.g., Trudgen and Freeman, 2014), little attention has been paid to how early internationalizers select foreign markets and whether their practices differ from other firms. Scholars can connect international entrepreneurship with IMS by exploring this strategic decision in the context of early internationalizing, family, and other types of entrepreneurial firms, especially by conducting quantitative studies (RO4).

Furthermore, scholars have studied how early internationalizers evaluate entrepreneurial opportunities (Chandra, 2017), which are commonly understood as situations where favorable circumstances exist to create value. The process of finding opportunities is more clearly connected with traditional IMS when the opportunity is at the country level. Scholars can disentangle this connection by focusing on the conditions whereby systematic IMS can lead to opportunity discovery (RO5). A related topic for further inquiry is whether reactive market selection and firm behaviors can imply opportunity discovery at the country and relationship levels (for instance, by receiving an unexpected enquiry/order) (RO6).

### 6.5. Psychic distance and firm liabilities

Psychic distance measures of international distance have been downplayed as liabilities affecting FME and/or internationalization in the business network (Johanson and Vahlne, 2009), online internationalization (Yamin and Sinkovics, 2006), and born global (Freeman et al., 2012) literature. In contrast, other conditions, including liability of 'foreignness' and of 'outsidership' (Johanson and Vahlne, 2009), of 'newness' (Li et al., 2016), and of 'emergingness' (Kotabe and Kothari, 2016) are new constructs focusing on differences across markets and firms and the difficulties they encounter in operating abroad. Most of these concepts have been studied in the context of MNEs and FME and with samples of firms already present in a foreign market. Scholarly research has a long way ahead in exploring the relevance of these concepts before the firm enters the foreign market and in the context of IMS (RO7), be it in selecting countries, consumer segments, partners, or opportunities to pursue.

### 6.6. Product/brand-place associations

The image of countries and other places at any level, and its effects on buyer assessments of the products and brands associated with it (product/brand-place associations, or PBPA) (Papadopoulos et al., 2018), have a long and rich research tradition in the international marketing (where it is referred to as 'country-of-origin' or 'COO' effects), place management and branding, and tourism literatures. However, these research streams have been virtually ignored in IMS, even though market selection can be affected by export managers', investors', and consumers' views of various places. Yet firms can benefit from positive images of their countries/industries in some markets while facing adverse reactions in others, which is expected to have strong implications for IMS.

Future research is needed to connect IMS to PBPA, including the variability across specific places within a target market, and to



clarify the extent to which managers do, or should, consider place image and other characteristics when making international expansion decisions (RO8). This potential new stream of research offers clear opportunities for borrowing methodologies and research approaches. It can particularly appeal to scholars since it has virtually never been considered to date.

### 6.7. Online internationalization

ICTs, the Internet, and E-commerce, and the new business models they imply, enable new ways for firms to access markets and improve operations (Child et al., 2017; Sinkovics et al., 2013), play an increasingly relevant role in the internationalization of firms (e.g., Mir-Bernal et al., 2018), and contribute to SME performance (Mathews et al., 2016). However, few studies have dealt with online and Internet issues specific to IMS. Online internationalization seems to challenge received IMS theory, models, and concepts and, therefore, there are many critical gaps dealing with the impact of ICTs and the Internet in this context. Further research is needed on how international marketers can capitalize on digital technologies and identify criteria, methods, and models that can be used in this setting, to update our IMS knowledge.

Importantly, internationalization, especially early in a firm's life, can be a more viable and cost-effective option for firms using the Internet. Given their limited resources, SMEs are prone to benefit from pursuing such options. Born globals can capitalize on first-mover advantages more effectively by selecting markets where the Internet can be used heavily in global expansion since it reduces the liability of foreignness and outsidership and may also affect their psychic distance perceptions. In sum, we need more research on the impact of ICTs and the Internet on firms' IMS and to consider this impact in different types of firms (e.g., traditional versus born global SMEs) (RO9).

### 6.8. Social media

Social media offer 'big data' at the individual level that were unavailable before the ICT revolution. However, studies on social media and FME are scarce, and a focus explicitly on social media and IMS is even more so, signaling an acute need for more research in this area. The latter offers promising research opportunities in exploring the use of international consumer data to segment and target markets and audiences (RO10). For instance, drawing on cross-sectional data on the adoption and use of social media, Ju et al. (2022) found distinct behaviors and cross-national microsegments in several countries. International segmentation based on social media usage and 'influencer' patterns can provide relevant insights to firms selecting cross-national segments in industries such as tourism and education and to those internationalizing online.

### 6.9. Artificial intelligence (AI)

As in many other application areas, AI can assist managers in making international business decisions, including identifying suitable foreign markets, segments and partners (RO11). For instance, when we asked Chat GPT to identify a suitable foreign market for a new product a start-up firm has just developed, the response made total sense. Similarly, AI can help identify suitable cross-country clusters of potential segments. Leading the application of AI to IMS decisions presents numerous research opportunities, and scholars can also interact with managers to use AI in identifying suitable international partners, including potential customers, agents, and distributors.

### 6.10. Imports, Supplier's country selection and the political environment

The IMS literature assumes that firms typically search for markets in which to introduce products, services, technology, knowledge, and/or capital. However, when competing internationally, global value chains are critical as most firms import some of the raw materials and components they need for their business. Although firms involved in imports usually focus on identifying the right partner, much further insight is needed on whether the supplier's country plays a role beyond its image effects (Andersen and Chao, 2003) and whether managers could be assisted by methods of supplier selection including a systematic screening and comparison of their origin places and place implications. Among many others, supply chain problems arising not only from environmental challenges (e.g., the COVID-19 pandemic), but also from the political environment such as geopolitical tensions (e.g., Russia's invasion of Ukraine) and different forms of governance (e.g., Chinese state-controlled enterprises), point out the importance of considering the selection of the country of the supplier in the first place. In short, the selection of foreign suppliers is a strategic issue deserving more attention from scholars, and future research needs to study whether and how firms may consider not only 'supplier' but also 'country-of-supplier' in their procurement strategies (e.g., 'friendsupplying'), and how these choices may influence subsequent IMS (RO12).

### 6.11. De-internationalization and the natural environment

De-internationalization, resulting from outright failure in or strategic withdrawal from some markets, has recently received increasing attention (Tang et al., 2021). Contemporary reasons behind such situations abound. For instance, the COVID-19 pandemic, representing a global condition that may well re-appear in this or other forms, has had devastating effects on international business, trade and investment flows, and supply chains. More broadly, issues like global warming, climate change, contamination and pollution, water scarcity, and energy crises already have significant effects on human life, including business operations, and may have a defining effect on what our future may look like de-internationalization and IMS.

However, IMS research has never considered the evolution of significant challenges arising from the natural environment. Future studies can and, we believe, should investigate not only their impact on de-internationalization but also on firms' foreign market selection (RO13). For instance, how can firms assess new opportunities and assign scarce resources following de-internationalization caused by natural environmental events? How do market failure or exit situations affect subsequent international expansion and market selection decisions? What is the role of sustainability and corporate social responsibility in the IMS context? Questions such as these are a priority for managers, remain largely or wholly unexplored in IMS research, and reflect a 'call to arms' for new studies to help advance knowledge and aid managers in practice.

## 7. Conclusion

### 7.1. Theoretical contributions

Our study contributes to the IMS literature in three main ways. First, by identifying and synthesizing findings from the most recent empirical IMS studies, which, together with previously published reviews, establish the baseline of 'what is'. Second, by extending the IMS conceptualization and developing an integrative framework and research propositions. Traditional IMS theory and models implicitly assume that the international business environment is accounted for by firms' use of different criteria, mainly as IMS determinants. We add to this view and propose a direct effect of the international business environment on IMS and a moderating effect of this environment on IMS outcomes. To the best of our knowledge, no previous study has considered the effects of changes in the international business environment and the uncertainty they imply on the relationship between IMS and its outcomes. In addition, IMS theory did not clearly differentiate between IMS approaches, models, and determinants. We address this issue by delineating their boundaries and suggesting a mediating effect of IMS determinants on the relationship between IMS approaches, models, and IMS.

And third, by proposing a comprehensive agenda for future research to help scholars explore sound directions for new studies, in light of critical challenges posed by recent developments in international business research and the international business environment, to put forth 'what will, hopefully, be'.

### 7.2. Summary and conclusion

Studies to date have yet to take advantage of the cross-fertilization potential across the different units of analysis and streams of IMS research, even though scholars in these streams can benefit notably from sharing perspectives and methodological insights and approaches. IMS research has experienced renewed attention over the past few years, and the present study aims to contribute toward continuing and expanding this resurgence in scholarly interest.

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## CRedit authorship contribution statement

**Barbara Francioni:** Conceptualization, Formal analysis, Investigation, Methodology, Writing – original draft, Writing – review & editing. **Oscar Martín Martín:** Conceptualization, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Writing – original draft, Writing – review & editing.

## Data availability

No data was used for the research described in the article.

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