Entry mode research: Past and future
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Abstract
What has been done in the entry mode literature to date and where should future research in this field proceed? To answer this question, we review empirical studies in international entry mode research between the years 1980 and 2006. We identify key publication outlets and articles, leading researchers, major theoretical and methodological approaches, sample characteristics, and primary variables of interest that exist in the entry mode literature. We also highlight gaps in the literature and provide guidance for future research efforts. While entry mode research has advanced significantly over the past few decades, numerous questions remain unexplained. For example, our review suggests that researchers should begin to concentrate on the other side of the equation, that is, what happens once entry mode choice has been made. This provides fertile ground for continued development in entry mode research.

Keywords: Future research; International entry mode; Review

1. Introduction
International entry modes (entry modes) represent the third most researched field in international management, behind foreign direct investment and internationalization (Werner, 2002). Despite extensive interest by scholars, practitioners, and public policy makers, only a few studies provide a review of entry mode research. These include Andersen’s (1997) article reviewing theories and conceptual frameworks; Sarkar and Cavusgil’s (1996) review of common themes and trends in entry mode research; Harzing’s (2003) national culture and entry mode review; Zhao, Luo, and Suh’s (2004) meta-analysis of transaction cost economics and ownership based entry mode choice; and Tihanyi, Griffith, and Russell’s (2005) meta-analysis on the effects of cultural distance on entry mode choice, international diversification, and multinational enterprise (MNE) performance.

Although these articles have provided valuable insight into what has been researched in the entry mode literature, they are limited in scope to examining only conceptual frameworks or specific theories and their measures. Brouthers and Hennart (2007) recently reviewed the state of the field, addressed weaknesses and deficiencies, and provided suggestions on how researchers can add to current entry mode choice knowledge.

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However, this paper takes a very different approach in that we identify, tabulate, and provide detailed information on theories and constructs used, industries investigated, home and host countries, main variables of interest, statistical methodologies, top researchers, primary outlets for publication, and key articles (based on article citations) in entry mode research. This leads us to ask the question: what has been empirically investigated in the entry mode literature to date and where should future research in this field proceed? Specifically investigating empirical studies will help to identify which conceptual approaches have been empirically tested, as well as assess the validity of conceptual frameworks discussed in previous entry mode review articles.

Our comprehensive review of the entry mode literature will provide a more thorough snapshot of empirical evidence to date. Thus, similar to Lu’s (2003) review of international strategic management research, we set out to assess what is the basis of this field and how future entry mode research should proceed. We do this by examining empirical articles published between the years 1980 and 2006 in refereed management, marketing, and international business journals. More specifically, we identify top outlets and leading researchers, theories employed, types of samples used, primary variables of interest, statistical analyses performed, and articles that have had the greatest impact on the field.

This review contributes to the existing literature in at least three ways. First, our review differs from previous studies in that we broadly examine theoretical approaches that have been empirically tested in the entry mode literature. Second, we attempt to fill a gap in the literature by reviewing entry mode studies in order to highlight the key contributions that have been made in terms of journal publications between the years 1980 and 2006. Third, most entry mode studies have investigated the factors affecting choice of entry. We believe a review of this evidence will help researchers concentrate on the other side of the equation, that is, what happens once entry mode choice has been made. This includes future research utilizing different forms of entry mode choice as independent variables of interest, as opposed to the traditional notion of using them as a dependent variable.

One of our most intriguing findings comes from the identification of outlets publishing entry mode research. We found that international business journals compete with management and marketing journals for publication of entry mode manuscripts. For instance, our research discovered that the *Journal of International Business Studies* (JIBS) and *International Business Review* (IBR) had published the most entry mode articles in the timeframe reviewed, followed by a wide variety of other international business, management, and marketing journals. This demonstrates that entry mode research is eclectic in nature and that journals with varying focus have chosen to publish entry mode studies.

### 2. Research domain

Entry mode research directly relates to the international activity of firms and includes studies on “the predictors of entry mode choices, predictors of international equity ownership levels, and consequences of entry mode decisions” (Werner, 2002, p. 281). Sharma and Erramilli (2004, p. 2) define an entry mode as “a structural agreement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (i.e., via export modes), or both production and marketing operations there by itself or in partnership with others (contractual modes, joint ventures, wholly owned operations)”.

Pan and Tse (2000) divide entry modes into two categories: equity and non-equity. They explain that these two categories of entry modes considerably differ with regard to investment requirements and control. First, they assert that equity modes (e.g., joint ventures and wholly owned ventures such as greenfields, brownfields, and acquisitions) require the exercise of higher levels of control from firm headquarters, due to their involving a relatively large commitment to investment (Pan & Tse, 2000). Second, they suggest that non-equity modes (e.g., contractual modes such as licensing, R&D contracts, and alliances) require lower levels of control since these forms of entry are much less investment intensive (see also Anderson & Gatignon, 1986).

### 3. Methods

In order to provide a review of entry mode research, we searched online databases and article reference lists to identify all articles published on entry modes between 1980 and 2006. We used this timeframe because entry
mode research saw rapid growth beginning in the 1980s. We decided to restrict our review to published empirical studies during this time period so that we could focus on support provided through multiple theoretical and methodological applications in literature accessible through online databases and article reference lists. This methodological approach highlighted the theories and constructs commonly used, while revealing theories that have not been widely tested even though they have been conceptually linked to entry mode research. Also, we only reviewed articles empirically testing entry mode choice, excluding articles on any single particular type of mode (unless it was being discussed as an entry mode choice). Our search yielded a total of 126 articles. We then built a database of entry mode articles obtained in our search and divided our study into three 9-year time periods in order to document the increase in entry mode publications over the 27-year period investigated. We found that three articles were published during the first 9-year time period (1980–1988); 35 were published between the years 1989 and 1997; and 88 were published between the years 1998 and 2006.

From this information it is clear that interest in entry mode research has drastically increased between the years 1980 and 2006. For example, we found that the number of entry mode articles published between the years 1989 and 1997 increased more than 1000%, compared to the previous 9-year period. However, more interestingly, the number of entry mode articles published during the subsequent 9-year period (1998–2006) more than doubled, illustrating a substantial increase in recent entry mode publications. We suggest that reasons for the dramatic increase in entry mode publications include continued globalization and internationalization of MNEs, heightened reporting standards for MNEs, and increased technological capabilities of MNEs since the 1980s. This phenomenon has created greater interest in entry mode research over time and has allowed greater access to data for scholars interested in this area of study.

4. Results

The results section is organized in two parts. First, we reviewed the overall contributions of entry mode studies, looking at theories used, journals, and authors publishing entry modes studies. Second, we reviewed the methodological aspects of articles obtained in our search. This includes, but is not limited to, the types of samples used, the primary variables of interest, and the statistical analyses performed.

4.1. Review of entry mode study contributions

4.1.1. Theories and constructs used

Following prior review articles (e.g., Sarkar & Cavusgil, 1996; Zhao et al., 2004), we decided to create a ranked listing of the most commonly used theories and constructs in entry mode research. This was done for the purpose of creating an organizational tool classifying theories and constructs with specific entry mode papers and their authors. The 10 most commonly used theories and constructs in entry mode research are identified in Table 1, along with the name of the author(s) and year the study was published.

4.1.1.1. Transaction cost theory. The most commonly used theory in entry mode studies was transaction cost analysis (i.e., transaction cost economics), with over two times as many appearances (48) as the second most commonly used theory. The basic rationale behind transaction cost theory is that firms need to create governance structures that will minimize costs and inefficiencies associated with entering and operating in a foreign market (e.g., Hennart, 1989; Williamson, 1979, 1985). Some studies applying transaction cost theory to entry mode research have looked at transaction cost theory and Japanese joint ventures in the United States (Hennart, 1991), the impact of transaction costs and institutions on entry mode selection in Eastern Europe (Meyer, 2001), modified transaction cost models and service firm entry mode choice (Erramilli & Rao, 1993), and the influence of transaction cost-enhanced entry mode choices on firm performance (Brouthers, Brouthers, & Werner, 2003).

4.1.1.2. OLI. The second most commonly used theory was found to be OLI (19 appearances). OLI, also referred to as the eclectic paradigm, is based on the notion that entry mode choice consists of three factors: ownership, location, and internalization (Dunning, 1993). More specifically, ownership advantages relate to
<table>
<thead>
<tr>
<th>Theory</th>
<th>Number of studies</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertainty</td>
<td>6</td>
<td>Erramilli and D’Souza (1993), Brouthers et al. (2000), Brouthers et al. (2002), Brouthers and Brouthers (2003), Gilroy and Lukas (2006), Sanchez-Peinado and Pla-Barber (2006)</td>
</tr>
</tbody>
</table>
control, costs, and benefits of inter-firm relationships; location advantages concern resource commitment, availability, and costs of resources; and internalization advantages refer to the concern for reducing transaction and coordination costs. Studies applying the OLI framework to entry modes have focused on ownership advantages of small firms operating in the computer software industry (Brouthers, Brouthers, & Werner, 1996), whether OLI is a descriptive or normative construct (Brouthers, Brouthers, & Werner, 1999), and decision-specific experience in foreign ownership and establishment strategies for Japanese firms (Padmanabhan & Cho, 1999).

4.1.1.3. Culture/cultural distance. Culture/cultural distance was the third most commonly applied construct in entry mode studies (15 appearances). Culture refers to the “collective programming of the mind which distinguishes the members of one category of people from those of another” (Hofstede, 1984, p. 389; 2001). On the other hand, cultural distance refers to the distance between two national cultures, in the case of entry modes the distance between a firm’s home and host country. Studies applying culture/cultural distance frameworks to entry modes have primarily studied how national culture and/or cultural distance influences entry mode choice (e.g., Agarwal, 1994; Brouthers & Brouthers, 2001; Kogut & Singh, 1988, Makino & Neupert, 2000), and whether or not differences in partner cultural backgrounds can be detrimental to a foreign venture (Barkema & Vermeulen, 1997).

4.1.1.4. Control. Control has been used throughout the entry mode literature (13 appearances). Control refers to “the ability to influence systems, methods, and decisions” (Anderson & Gatignon, 1986, p. 3). Control is an important construct in the entry mode literature because it is an antecedent for determining potential risks and rewards (e.g., returns on assets) for firms entering foreign markets (Anderson & Gatignon, 1986). More specifically, entry mode studies focusing on control have primarily studied nationality and subsidiary ownership patterns (e.g., Erramilli, 1996), and how cooperative strategies affect firm behavior and costs associated with entering a foreign market (Gulati & Singh, 1998; Pan & Tse, 1996).

4.1.1.5. Internationalization. Internationalization theory was utilized by 13 entry mode studies. Internationalization theory explains the international development of firms (e.g., Johanson & Vahlne, 1977). Internationalization consists of four stages: (1) firms do not have regular exports, (2) firms export through agents, (3) firms sell through subsidiaries, and (4) firms begin overseas production (Johanson & Vahlne, 1977). Studies linking internationalization theory and entry modes have been focused on transferability and distribution in international business units (Anand & Delios, 1997; Gronhaug & Kvitsæstein, 1993), and host market characteristics on expanding firm entry mode choice (Kwon & Konopa, 1993; Nitsch, Beamish, & Makino, 1996).

4.1.1.6. Risk. Risk was used in 12 entry mode studies. This construct has been applied to help explain how different mode types relate to different risk levels for companies entering foreign markets. Studies utilizing risk have investigated how risk will influence firm investment strategies (Brouthers, 1995; Delios & Henisz, 2000), and how perceived levels of risk will often predict levels of control by firms entering foreign markets (Ahmed, Mohamad, Tan, & Johnson, 2002; Anderson & Gatignon, 1986).

4.1.1.7. Institutional theory. Institutional theory has been applied in 10 entry mode studies. Institutional theory examines how firms enter and operate in an institutional context defined by certain rules, norms, and values (e.g., Davis, Desai, & Francis, 2000; Meyer & Nguyen, 2005). A key tenet of institutional theory is isomorphism (DiMaggio & Powell, 1983). Embedded isomorphic pressures can have a significant influence on decision makers’ entry mode selection (Brouthers, 2002). For example, institutional theory suggests that firms entering a new market will mimic local host country firm actions or competitor actions in that same market in order to legitimate their operations and market presence (Davis et al., 2000; Kostova & Zaheer, 1999; Yiu & Makino, 2002). Recent studies utilizing institutional theory have investigated how corrupt institutions (Uhlenbruck, Rodriguez, Doh, & Eden, 2006) and Japanese organizational strategies (Delios & Beamish, 1999; Lu, 2002; Pease, Paliwoda, & Slater, 2006) play a role in entry mode choice decisions.
4.1.1.8. Resource-based view. The resource-based view (RBV) was also identified as a commonly used theory in entry mode research (10 appearances). This theory refers to the idea that in order to be sustainable, competitive advantages must be valuable, rare, and inimitable (Barney, 1991). For example, Chen and Chen (2003) studied the type of resources used in strategic alliances and how these resources were shared between partners; while Tan, Erramilli, and Liang (2001) analyzed the influence of dissemination risks on firm strategic control and management.

4.1.1.9. Foreign direct investment. Hymer’s theory of market imperfections was used in 8 entry mode studies. The logic behind Hymer’s theory is that market imperfections are vehicles leading to foreign direct investment (FDI) (Hymer, 1976). Specifically, the four imperfections discussed by Hymer were: (1) imperfections in goods markets, (2) imperfections in factor markets, (3) imperfect competition due to economies of scale (internal and external), and (4) imperfect competition due to government intervention (Hymer, 1976). For example, Kogut and Zander (1993) used Hymer’s theory to help explain the evolution of multinational companies.

4.1.1.10. Organizational capabilities. Organizational capabilities analysis was used in seven entry mode studies. Organizational capabilities define “what broad-based, heterogeneous factors are critical to business success” (Roth & Jackson, 1995, p. 1721). For instance, Erramilli, Agarwal, and Dev (2002) investigated how firms use non-equity modes of entry as channels for transferring resources and capabilities to a foreign venture, and Chen and Hennart (2002) looked at firm capabilities as they relate to Japanese investor entry mode decisions.

4.1.1.11. Knowledge-based view. The knowledge-based view (six appearances) suggests that firms exist because they have the ability to share and transfer knowledge of individuals and groups. If firms successfully realize these strategic processes they will generate competitive advantages, which will enhance their capabilities and performance (Kogut & Zander, 1992, 1993). Pak (2002) found that learning capabilities influenced entry mode preferences of international franchisers. Chang and Rosenzweig (2001) investigated how the knowledge-based view helped to explain choice of entry mode in firm sequential foreign direct investment decisions.

4.1.1.12. Uncertainty. Uncertainty was used in six entry modes studies. Uncertainty is the “unpredictability of environmental or organizational variables that have an impact on corporate performance” (Miller, 1993, p. 694). Studies applying this construct have investigated perceived environmental uncertainty’s impact on entry mode strategies (Brouthers, Brouthers, & Werner, 2000, 2002) and its impact on small service firm foreign market strategies (e.g., Erramilli & D’Souza, 1993).

In sum, transaction cost theory has been applied the most in entry mode research because the cost of governing a partner in a joint venture or alliance arrangement will significantly impact the survival of a firm operating in a foreign market (Brouthers & Brouthers, 2000; Madhok, 1997). Also, new theories and constructs have emerged (beginning in the late 1990s) as important explanations for phenomena studied in entry mode research—such as institutional theory (first applied in 1999), organizational capabilities (1998), and uncertainty (1995). With this in mind, it appears that entry mode research originally relied on theories based on economics (e.g., transaction cost analysis, foreign direct investment, etc.) and anthropological (e.g., culture and cultural distance) perspectives. However, more recent studies have applied theories originating from other fields of study, such as sociology (e.g., institutional theory), and have increasingly integrated multiple theories to provide a better understanding of these phenomena. This trend shows a clear transition from a relatively homogeneous perspective, to a much more complex theoretical understanding of entry modes.

4.1.2. Journals

Our review found that entry mode research was published in 45 different refereed academic journals. We list the top 10 publication outlets in Table 2. We found that the journal publishing the most entry mode research is JIBS (34 articles). This result is logical since JIBS is the premier outlet for international business research. IBR published the second largest quantity of entry mode studies (11), followed by the International Marketing Review (IMR) (5), Journal of Business Research (JBR) (5), Journal of Management Studies (JMS) (5),
Table 2
Top outlets for entry mode research (1980–2006)*

<table>
<thead>
<tr>
<th>Journal name</th>
<th>Number of articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journal of International Business Studies</td>
<td>34</td>
</tr>
<tr>
<td>International Business Review</td>
<td>11</td>
</tr>
<tr>
<td>International Marketing Review</td>
<td>5</td>
</tr>
<tr>
<td>Journal of Business Research</td>
<td>5</td>
</tr>
<tr>
<td>Journal of Management Studies</td>
<td>5</td>
</tr>
<tr>
<td>Management International Review</td>
<td>5</td>
</tr>
<tr>
<td>Strategic Management Journal</td>
<td>5</td>
</tr>
<tr>
<td>Journal of International Marketing</td>
<td>4</td>
</tr>
<tr>
<td>Thunderbird International Business Review</td>
<td>4</td>
</tr>
<tr>
<td>Entrepreneurship Theory &amp; Practice</td>
<td>3</td>
</tr>
<tr>
<td>Multinational Business Review</td>
<td>3</td>
</tr>
<tr>
<td>Organization Science</td>
<td>3</td>
</tr>
</tbody>
</table>

*Out of 45 journals which have published entry mode research.

Management International Review (MIR) (5), and the Strategic Management Journal (SMJ) (5). These results also seemed logical since IBR has a strong focus on international business issues, while most of the other journals publishing entry mode research are focused on general business, management, and marketing issues. Yet, it is interesting to note that IBR, being a relatively young emerging outlet, published more entry mode studies than other older quality outlets such as SMJ and JMS. Lastly, the journals completing the top 10 were the Journal of International Marketing (JIM) (4), Thunderbird International Business Review (TIBR) (4), Entrepreneurship Theory & Practice (ET&P) (3), Multinational Business Review (MBR) (3), and Organization Science (3). With this in mind, we noticed a strong presence of international business journals (e.g., IBR and MIR) as the primary outlets for entry mode research publication.

4.1.3. Authors

As with prior review articles (e.g., Lu, 2003; Meyer & Peng, 2005), we wished to assess the contributions of researchers publishing entry mode studies. In reviewing contributions, we adopted the method employed by Lu (2003). We first identified how many entry mode articles each researcher had published, and then weighted these based on the number of co-authors in each publication (Lu, 2003). Being sole author on an article was weighted as 1. Articles with two authors were weighted as 1/2, while articles with three authors were weighted as 1/3, and articles with four authors were weighted as 1/4. The final ranking of top 10 researchers in entry mode research is presented in Table 3.

We found that the researcher on our list with the greatest impact was Keith D. Brouthers with a total of 14 articles and a weighted score of 6.58. Keith D. Brouthers was followed by M. Krishna Erramilli with a total of 11 articles (weighting = 6.33), then Lance Eliot Brouthers (10 articles; weighting = 3.58), Yigang Pan (5 articles; weighting = 3.33), Jean-François Hennart (5 articles; weighting = 3.00) and Sanjeev Agarwal (5 articles; weighting = 2.50). The last five researchers (i.e., Delios, Contractor, Gomes-Casseres, Henisz, & Werner) ranked in our table have the same weighted score (2.00), but differ in number of co-authors. In order to classify these authors, we followed Lu (2003) and ranked them based on the total number of entry mode articles published. Researcher rankings are presented in Table 3.

The number of appearances per author in Table 3 indicates that a wide variety of researchers (a total of 157) have contributed to the entry mode literature, providing further evidence that this field of research is very diverse and eclectic in nature. Of the researchers who published the 126 articles between the years 1980 and 2006, only 11 have adjusted appearance scores of 2.0 or greater. Further, only a third of all published articles featured at least one of the researchers on our “top 10” list, many of these being published by teams of leading entry modes scholars. This leads us to the conclusion that entry mode research benefits from an eclectic group of researchers that offer a wide variety of contributions advancing the knowledge in this field of study.
4.2. Review of entry mode study methods

4.2.1. Types of data used

We identified 58 cases of primary data use and 68 cases of secondary data use. Although the use of primary data can be very informative, a significant amount of entry mode scholars often use secondary data. This is sometimes due to the availability and convenience of the secondary data, but it might also be related to the difficulty of some researchers to access data from foreign countries or foreign companies.

4.2.2. Industries and sectors studied

We identified industries and sectors most frequently investigated in entry mode research. We found that multiple manufacturing or service sectors lead the list (50), making-up the first three places on our list (manufacturing, 38; service, 10). After multiple manufacturing or service sectors, chemicals were the most examined industry with seven studies. This industry was followed by the computer software (6 studies), hotels (6 studies), other specific service (6 studies), and electrical/electronic (5 studies) industries/sectors. Other specific manufacturing industries conclude the list (3 studies each). These findings emphasize the fact that entry mode choice studies have used a broad array of samples, thereby validating constructs across a wide variety of industries. Table 4 summarizes the types of industries/sectors studied in entry mode research.

4.2.3. Home countries studied

The home countries/regions we found to be most commonly studied in the entry mode literature were the Triad Nations (United States, Western Europe, and Japan). We suggest that this finding might be related to the access of data from these countries/regions, allowing for a larger amount of quantitative research. Some studies have also investigated firm entry mode decisions from other countries such as Germany, the Netherlands, and the PR China, or have not focused on a single country, instead focusing on multiple countries worldwide. Thus, we decided to distinguish studies that, for example, concentrated on a specific Western European country such as Germany or the Netherlands as opposed to studies that generically used Western Europe as a region of interest.

4.2.4. Host countries studied

Most studies investigated entry into multiple countries (worldwide). This is because it is rather common in entry mode studies to look at specific multinational companies (especially large MNCs) and all the countries they have decided to enter. Europe, PR China, and the United States were found to be the most common entry

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Table 3
Top 10 researchers publishing entry mode research (1980–2006)*

<table>
<thead>
<tr>
<th>Author</th>
<th>Sole author</th>
<th>Two authors</th>
<th>Three authors</th>
<th>Four authors</th>
<th>Total</th>
<th>Weighted*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brouthers, K.D.</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>14</td>
<td>6.58</td>
</tr>
<tr>
<td>Erramilli, M.K.</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>11</td>
<td>6.33</td>
</tr>
<tr>
<td>Brouthers, L.E.</td>
<td>0</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>10</td>
<td>3.58</td>
</tr>
<tr>
<td>Pan, Y.</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>3.33</td>
</tr>
<tr>
<td>Hennart, J.F.</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>3.00</td>
</tr>
<tr>
<td>Agarwal, S.</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>5</td>
<td>2.50</td>
</tr>
<tr>
<td>Werner, S.</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>2.00</td>
</tr>
<tr>
<td>Delios, A.</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>2.00</td>
</tr>
<tr>
<td>Contractor, F.J.</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>2.00</td>
</tr>
<tr>
<td>Henisz, W.J.</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>2.00</td>
</tr>
<tr>
<td>Gomes-Casseres, B.</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2.00</td>
</tr>
</tbody>
</table>

*Out of 157 authors that have published 126 peer reviewed articles.
*Weight: 1 for sole author, 1/2 for two authors, 1/3 for three authors, and 1/4 for four authors. If authors are tied based on weighted appearances, then they are ranked according to total number of articles.
mode destinations studied, followed by Canada and various European and Asian countries, such as Japan and Great Britain. Table 5 lists the host countries most commonly studied in entry modes articles.

4.2.5. Statistical methods

We found that the statistical method most commonly used in entry mode research is logistic regression. Logistic regression analysis was used in a total of 66 studies. This type of analysis is logical for studies looking at entry mode choice; entry mode choice can easily be coded as a dichotomous variable. Other statistical methods used were multinomial logit (in 20 studies), discriminant analysis (7), PROBIT (7), multiple regression (6), and exponential estimation (5). Most of these types of analyses test group membership and are also logical choices for scholars performing entry mode research. ANOVA (4), TOBIT (4), t-tests (4), structural equation modeling/LISREL (2), events analysis (1), and univariate analysis (1) were also used to test entry mode statistical models. A summary of the statistical methods used in entry mode research is presented in Table 6.

4.2.6. Variables studied

We first identified dependent variables and then independent variables most commonly used in entry mode research. This allowed us to identify which relationships have been tested the most, as well as variables that should be included as control variables in future research.

4.2.6.1. Dependent variables. The dependent variable (DV) most commonly used (in 43 studies) was a dichotomous variable classifying full and shared ownership (e.g., wholly owned subsidiary versus joint venture). The second most commonly used dependent variable was equity levels (19). There were also other less commonly used DVs with categorical classifications such as wholly owned versus independent (10), acquisition versus joint venture (5), export versus foreign direct investment (5), majority versus minority owned (4), greenfield versus joint venture (3), minority joint venture versus equity joint venture versus

### Table 4

<table>
<thead>
<tr>
<th>Industry/sector</th>
<th>Number of studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple manufacturing or service</td>
<td>50</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>38</td>
</tr>
<tr>
<td>Service</td>
<td>10</td>
</tr>
<tr>
<td>Chemicals</td>
<td>7</td>
</tr>
<tr>
<td>Computer software</td>
<td>6</td>
</tr>
<tr>
<td>Hotels</td>
<td>6</td>
</tr>
<tr>
<td>Other specific service</td>
<td>6</td>
</tr>
<tr>
<td>Electronic/electrical</td>
<td>5</td>
</tr>
<tr>
<td>Other specific manufacturing</td>
<td>3</td>
</tr>
</tbody>
</table>

### Table 5

<table>
<thead>
<tr>
<th>Rank no.</th>
<th>Home countries/regions</th>
<th>Rank no.</th>
<th>Host countries/regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>1</td>
<td>Worldwide</td>
</tr>
<tr>
<td>2</td>
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<td>Western Europe</td>
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<td>PR China</td>
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</tr>
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<td>Asia</td>
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<td>6</td>
<td>Canada</td>
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</tr>
<tr>
<td>8</td>
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</table>
majority joint venture versus wholly owned subsidiary (3), contract versus equity joint venture (2), and management service contract versus franchise (2). Furthermore, from these findings we discovered that most entry mode research used dichotomous variables as DVs when comparing modes chosen by companies entering a foreign market. A list of these dependent variables is presented in Table 7.

4.2.6.2. Independent variables. In terms of independent variables (IVs), we found that there were around 200 different variables used in various entry mode studies. Thus, we present the top 10 of these IVs in Table 7. The most commonly used IV was MNE/international experience (in 46 studies). Cultural distance (43) (consistent with the theoretical approaches identified earlier) and risk (41) were also found to be heavily used IVs. Moreover, firm size (40), host country variables (e.g., restrictions, policies) (39), R&D intensity (37), and host country experience (36) were used in several studies. Completing the list of most commonly used IVs were industry competition/concentration (29), size of operation (scale) (27), and advertising intensity (26). A list of these independent variables is also presented in Table 7.

To sum up, methodologically entry mode research has used both primary and secondary data to investigate a wide variety of industries in a wide variety of home countries, ranging from developed countries such as the United States and Canada to developing countries such as the PR China, Poland, and Hungary. The home country of MNEs entering these markets has predominantly been from the Triad Nations. Logistic regression analysis has been the primary statistical technique used in studies we have reviewed since most scholars have been investigating a choice between two different types of entry (e.g., wholly owned subsidiary versus joint venture). Independent variables used in these studies have been wide-ranging in nature, including international experience, cultural distance, risk, and R&D intensity. What this tells us is that entry mode scholars have

<table>
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<th>Analysis</th>
<th>Number of articles</th>
</tr>
</thead>
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<tr>
<td>Logistic regression</td>
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<tr>
<td>Discriminant analysis</td>
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</tr>
<tr>
<td>PROBIT</td>
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<td>Multiple regression</td>
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<td>Exponential estimation</td>
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<tr>
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<td>TOBIT</td>
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<td>r-tests</td>
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</tr>
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<td>SEM/LISREL</td>
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<tr>
<td>Univariate</td>
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<table>
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<th>Dependent variables</th>
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<th>Independent variables</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full vs. shared</td>
<td>43</td>
<td>MNE/international experience</td>
<td>46</td>
</tr>
<tr>
<td>Equity levels</td>
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<td>Cultural distance</td>
<td>43</td>
</tr>
<tr>
<td>WOS vs. independent</td>
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<td>Risk</td>
<td>41</td>
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<tr>
<td>Acquisitions vs. JV</td>
<td>5</td>
<td>Firm size</td>
<td>40</td>
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<td>Export vs. FDI</td>
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<td>Host restrictions, host policies</td>
<td>39</td>
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<tr>
<td>Majority vs. minority owned</td>
<td>4</td>
<td>R&amp;D intensity</td>
<td>37</td>
</tr>
<tr>
<td>Greenfield vs. JV</td>
<td>3</td>
<td>Host country experience</td>
<td>36</td>
</tr>
<tr>
<td>Minority JV vs. EJV vs. majority JV vs. WOS</td>
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<td>Ind. competition/concentration</td>
<td>29</td>
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<tr>
<td>Contract vs. EJV</td>
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<td>Size of operation/scale</td>
<td>27</td>
</tr>
<tr>
<td>Management service contract vs. franchise</td>
<td>2</td>
<td>Advertising intensity</td>
<td>26</td>
</tr>
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</table>
tested theories by using a variety of primary variables of interest in a wide array of settings. However, as previously mentioned most have preferred to empirically test the relationship between primary variables of interest and dichotomous dependant variables by using logistic regression.

4.2.7. Citation analysis

In addition to analysis of outlets, authors, and article content, we decided to also provide a citation analysis in an effort to uncover the most influential articles in entry mode research. Our citation analysis was performed using the Publish or Perish software introduced by Anne-Wil K. Harzing (2007). Publish or Perish (POP) analyzes academic citations. Several indices are available on POP, including the total number of citations for a particular article and weighted citation scores (averaged by year). We studied the citations of all the papers included in our study and rank-ordered them. We specifically examined two of the indexes retrievable by the POP software: total citations and average weighted (yearly) citation score. Besides total number of citations, it was important for us to include average weighted citation score because this controls for the age of an article.

Our analysis of article citations uncovered that the top 10 most cited entry mode articles were (in decreasing order): Kogut and Singh (1988), Gulati and Singh (1998), Gatignon and Anderson (1988), Hennart (1991), Agarwal and Ramaswami (1992), Erramilli and Rao (1993), Kim and Hwang (1992), Erramilli (1991), Delios and Henisz (2000), and Gomes-Casseres (1990), with over 180 total citations each. When we averaged the citation score, we found some minor changes with regard to the ordering of this list. For example, Chang and Rosenzweig (2001), Henisz (2000), and Hennart and Reddy (1997) appeared with a higher average weighted citation scores than some of the older more seminal articles. A list of the articles with the greatest number of total citations and average weighted citation scores are presented in Table 8.

5. Future research directions

This article has demonstrated that several different types of theoretical and methodological approaches have been adopted in entry mode research. However, despite extensive existing research, there are significant gaps in the entry mode literature. For example, very few studies have discussed how a firm’s entry mode choice will influence post-entry decisions and performance (Brouthers & Bamossy, 2006; Osland & Cavusgil, 1996; Pan, Li, & Tse, 1999; Woodcock, Beamish, & Makino, 1994). Strategic decisions made by firms following entry mode choice are crucial in determining whether or not they will be successful in the market entered. Accordingly, more emphasis on this area of research would substantially contribute to the entry mode literature.

Table 8
Total citations and average weighted citation score (1980–2006)*,b

<table>
<thead>
<tr>
<th>Rank no.</th>
<th>Author(s) and year published</th>
<th>Total citations</th>
<th>Rank no.</th>
<th>Author(s) and year published</th>
<th>Average weighted citation score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kogut and Singh (1988)</td>
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<td>1</td>
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<td>42.55</td>
</tr>
<tr>
<td>2</td>
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<td>353</td>
<td>2</td>
<td>Gulati and Singh (1998)</td>
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</tr>
<tr>
<td>3</td>
<td>Gatignon and Anderson (1988)</td>
<td>347</td>
<td>3</td>
<td>Delios and Henisz (2000)</td>
<td>23.00</td>
</tr>
<tr>
<td>5</td>
<td>Agarwal and Ramaswami (1992)</td>
<td>319</td>
<td>5</td>
<td>Agarwal and Ramaswami (1992)</td>
<td>19.69</td>
</tr>
<tr>
<td>7</td>
<td>Kim and Hwang (1992)</td>
<td>235</td>
<td>7</td>
<td>Gatignon and Anderson (1988)</td>
<td>17.35</td>
</tr>
</tbody>
</table>

*aRetrieved by the Publish or Perish software (Harzing, 2007). Weighted citation scores are averaged by year.
*bOut of 126 published peer reviewed articles.
Another important approach that could strongly benefit entry mode research is for scholars to continue to combine and integrate theories, potentially introducing new forms of contingency models. This approach could be applied to research ideas related to questions such as: does asset specificity explain the choice between a joint venture and wholly owned subsidiary? Is decision-specific experience a strong determinant of entry mode choice? Do international joint ventures suffer from double-layered acculturation? And how does input bundling play a role in these processes?

New theoretical perspectives could also benefit the field. Decision making processes are affected by the characteristics of top management teams and their members (Dean & Sharfman, 1993). Studying how these processes affect entry mode choice can lead to valuable new insights. Thus, how does the decision making process of entry mode choice vary? Do some processes lead to better entry mode decisions than others? And does top management team composition (e.g., heterogeneous versus homogeneous) influence entry mode decisions? With the aforementioned in mind, certain scholars (e.g., Hambrick & Mason, 1984), using upper echelon theory, have suggested that managerial characteristics serve as proxies for managerial biases which can influence the choices managers make. Therefore, do managerial biases influence entry mode choice?

Further, scholars such as Chiles and McMackin (1996), Williamson (1993), and Blois (1999) have suggested that managers vary in their willingness to trust others; this may influence their decisions thereby affecting transaction costs associated with an entry mode decision. On the other hand, Brouthers and Brouthers (2003) and Chiles and McMackin (1996) have also investigated risk propensity in entry modes and have suggested that managers are not risk neutral, therefore their risk propensity will perhaps influence the decisions they make. Hence, can a firm’s/manager’s attitude toward risk and/or trusting others influence entry mode choice decisions?

Lastly, several other theories have yet to be fully applied in the entry mode literature. These theories include power and politics (e.g., Lawrence, Mauws, Dyck, & Kleysen, 2005), stakeholder theory (Donaldson & Preston, 1995; Frooman, 1999), and the theory of social capital (network theory) (Adler & Kwon, 2002; Brass, Galaskiewicz, Greve, & Tsai, 2004), which may help explain the rationale behind entry mode decision making.

Methodologically, as previously suggested, future entry mode studies employing entry variables as IVs, as opposed to DVs, would contribute to the literature. This is particularly true for studies investigating the relatively under-explored area of post-entry strategic decisions and performance. Also, longitudinal studies would greatly enhance the literature’s understanding of entry mode choice and steps following entry, as well as the long-term effects of entry mode choice on firm performance. We suggest that the lack of such studies is due to the difficulty of scholars interested in entry modes in collecting longitudinal, as opposed to cross-sectional, data. However, as difficult as longitudinal data collection may be, this method will allow researchers and practitioners to better understand the consequences of a successful/unsuccessful entry mode choice, performance implications associated with such choices, and the relation of these choices to future entry mode decisions. Longitudinal studies will also allow for testing of environmental changes. For example, changes in the institutional environment in some markets might affect entry mode decisions and their consequences.

Another methodological issue that should be addressed is the level of analysis in entry mode studies. Multi-level research design has recently been introduced as a valuable tool for empirically testing management related hypotheses (e.g., Luo, 2001). For instance, the Academy of Management Journal has recently issued a call for papers using multi-level analysis. Since foreign market entry is a multi-level phenomenon, entry mode research could greatly benefit from studies using multilevel modeling and statistical analysis. Other methods such as experimental designs and simulations, which are widely used in marketing, could also help to provide new insights to the literature.

6. Conclusion

In this review, we have identified the most prolific authors and primary outlets for entry mode research. We have also identified trends in terms of theoretical approaches, samples, industries studied, home countries of multinational companies and host countries entered, and statistical methods and variables of interest used. We found that scholarly interest and publications on entry mode research has significantly increased since 1980.
With this in mind, a greater integration of multiple theoretical perspectives has taken place as scholarly interest in entry mode research has increased over the past quarter of a century. We also found that some journals, such as IBR, are emerging as primary outlets of interest for entry mode scholars. This observation seems logical since entry modes, by their very nature, are of tremendous interest to scholars interested in issues related to international business research. However, while entry mode research has advanced significantly over the past few decades, numerous questions remain unexplained. For example, how does entry mode choice influence post-entry performance and how can rarely used methods such as longitudinal modeling enhance our understanding of such fundamental strategic and operational issues for MNEs entering new markets? Furthermore, this article highlights certain gaps in the entry mode literature, and provides what we consider to be new and promising directions for future research in this intriguing field of study.

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References


