



INVITED COMMENTARY

The theoretical evolution and use of the Uppsala Model of internationalization in the international business ecosystem

G. Tomas M. Hult¹,
Maria Alejandra Gonzalez-Perez² and
Katarina Lagerström³

¹Broad College of Business, Michigan State University, East Lansing, MI, USA; ²Business School, Universidad EAFIT, Medellín, Colombia; ³Department of Business Studies, Uppsala University, 751 20 Uppsala, Sweden

Correspondence:
GTM Hult, Broad College of Business,
Michigan State University, East Lansing, MI,
USA
e-mail: hult@msu.edu

Abstract

The Uppsala Model – typically viewed as an internationalization process model, an internationalization stages model, or a sequential internationalization model – has served as a theoretical underpinning in the international business literature since Johanson and Vahlne’s (J Int Bus Stud 8(1):23–32, 1977) article incorporated thoughts by researchers at Uppsala University in one all-encompassing model. Major updates to the model were published in 2009 and 2017 by the original authors. Our work examines what has now become the time-tested and Decade Award-winning 2009 version of the Uppsala Model relative to the original model in 1977. We also provide an outlook for international business research within the scope of the 2017 version of the model. This evaluation and dive across times into the nuances of the Uppsala Model capture aspects of the model’s theoretical and empirical power, as well as its limitations within today’s international business ecosystem. (The international business ecosystem is defined as the organisms of the business world – including stakeholders, organizations, and countries – involved in exchanges, production, business functions, and cross-border trade through both marketplace competition and cooperation.) In the process, we push the theoretical boundaries of the model and provide a unique connection to marketing thought.

Journal of International Business Studies (2020) 51, 38–49.
<https://doi.org/10.1057/s41267-019-00293-x>

Keywords: internationalization; commitment; strategic knowledge capabilities; networks; organizational learning; marketing strategy; performance; Decade Award

INTRODUCTION

A wealth of writing, researching, and debating the merits of Johanson and Vahlne’s “Uppsala Model” of firm internationalization has taken place since the model was first published some 43 years ago (Johanson & Vahlne, 1977). This is when the logic of a “gradual internationalization, rather than large foreign investments” was introduced to the international business professorate (e.g., Johanson & Wiedersheim-Paul, 1975, p. 305). The accolades for Johanson and Vahlne’s research are legendary in their own right, and the 1977 article itself has become a staple in international business scholarship that serves as a broad-based theoretical foundation for internationalization research. Remarkably, in this

Received: 25 August 2019
Revised: 20 November 2019
Accepted: 21 November 2019
Online publication date: 10 December 2019



issue of the *Journal of International Business Studies* (JIBS), we are celebrating that the Johanson & Vahlne (2009) article received the JIBS Decade Award in 2019 (Johanson & Vahlne, 2020). This means that we are actually celebrating a derivative, updated version of an article that was published in 1977, an article's premise that was already being rigorously defended in 1990 (Johanson & Vahlne, 1990), and that has been critiqued and defended numerous times over the years. This continual vetting of the Uppsala Model's merits can certainly be viewed as staying power in the academic literature, in terms of the longevity of a research stream and the uniqueness of scholarly ideas, by any measure.

To put it in context, as formulated by the Academy of International Business (AIB), the JIBS Decade Award was inaugurated in 1996 to honor the most influential JIBS article of the volume ten years prior. In 2003, Palgrave Macmillan became the publisher of JIBS and also began to sponsor the award. In 2009, as part of the 40th anniversary celebrations of JIBS, the JIBS editorial team presented best-article awards for the inaugural volume in 1970 and for each year until 1985 to catch up and complete the selection of "decade articles" for each volume of the journal. Not only was the now Decade Award-winning article by Johanson and Vahlne (2009) part of the 40th anniversary celebrations, in many ways it became the lead article for the next decade of the evolution of internationalization process theory. Naturally, the Johanson and Vahlne (1977) article was also recognized as best-in-class for the articles published in JIBS in 1977 at that 2009 celebration. With more than 14,000 and 4,000 Google Scholar citations, respectively, for the 1977 and 2009 articles (and about 5500 for the 1990 article), at this time, the scholarly impact is clearly present in the research stream that Johanson and Vahlne started by studying primarily entrepreneurial Swedish firms.

Tracing the development of the theorizing inherent in the Uppsala Model is fascinating. Jan Johanson sketched out the history in a 72-minute interview with Lars Engwall (Professor Emeritus, Uppsala University) titled "Vägen Hit" ("The Road Here") (Engwall & Johanson, 2008). In this Swedish-only interview, Johanson mentions the 2009 version of the Uppsala Model, prior to its publication, and says that he thinks it will become a well-received major update to the 1977 model some 22 years later (the 2009 article was an invited piece by then JIBS Editor-in-Chief, Lorraine Eden).

Intriguingly, Johanson said that the invited 2009 article was tougher to get accepted than was the legendary, ground-breaking 1977 article. In parallel, as best he could recall, the Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) articles did not have any reviewers, seemingly allowing for greater scholarly flexibility and boundary-pushing theorizing. Finn Wiedersheim-Paul and Jan-Erik Vahlne are credited by Jan Johanson as being the early proponents of the idea of psychic distance being instrumental within the Uppsala Model, while much of the early thoughts of a gradual internationalization process emerged through Johanson's own work. In particular, Johanson drew inspiration for the gradual internationalization process from essays written by his students for which he served as thesis advisor (students were asked to research internationalization efforts of a set of Swedish firms).

As a precursor, the article by Sanden and Vahlne (1974) – coupled with thoughts in Vahlne and Wiedersheim-Paul (1973) – became the starting point of the research stream that led to the Uppsala Model. In many ways, the Uppsala Model, while authored by Johanson and Vahlne, fundamentally had intellectual thoughts assimilated from Uppsala University's team of business researchers. Johanson talked about these intellectual discussions as give-and-take conversations among select Uppsala University team members (on an almost weekly basis). Across these theoretical and practical discussions, the conclusion was that, for example, Swedish firms were different from much larger American firms. Consequently, Johanson and Vahlne thought the (international) business literature needed a theory to explain this difference and, thus, the 1977 article was written. The 1977 article was followed by vigorous defenses of the theory (e.g., Johanson & Vahlne, 1990) and a couple of significant revisions (e.g., Johanson & Vahlne, 2009; Vahlne & Johanson, 2017). The 2009 award-winner, which is our core focus, is the most robust revision to the original published Uppsala Model, as we will discuss later, and, we think, the 2017 version still needs refinement and a test-of-time assessment.

Over these developmental time periods, the Uppsala Model has been the most criticized for not applying to rapidly internationalizing ventures (e.g., born globals, international new ventures). Johanson and Vahlne addressed some of these concerns regarding the perceived omission of rapidly internationalizing ventures in the 1977

model when they updated the Uppsala Model in the 2009 article. However, theoretically, the original modeling was partially intended to address just those firm scenarios when they studied them in the 1960s, 1970s, and 1980s (although the firms originated long before this time), several decades before the marketplace became heavily service-oriented and digitally driven (which has since also become a point of contention in the theoretical and empirical applicability of the Uppsala Model, in addition to rapidly internationalizing ventures). Vahlne and Wiedersheim-Paul (1973) and Sanden and Vahlne (1974) started the research stream, but the main theoretical impetus for Johanson and Vahlne (1977) was Johanson and Wiedersheim-Paul (1975), which was positioned as an interesting case study but lacked the theoretical foundation that Johanson and Vahlne (1977) achieved. In effect, we think the simple but broad and deep theorizing that was achieved by Johanson and Vahlne (1977), subsequently refined with a strong theoretical lens in 2009, resulted in the Uppsala Model's longevity.

Johanson and Wiedersheim-Paul (1975, p. 305) effectively positioned the research stream that was subsequently captured by the Uppsala Model before it was even developed and introduced: "The widespread interest in multinational firms has given rise to many articles and books on various aspects of the international strategies of firms. Research has been concentrated on the large corporations, particularly the American. Many firms, however, start international operations when they are still comparatively small and gradually develop their operations abroad. From our studies of international business at the University of Uppsala [now Uppsala University or Uppsala Universitet] we have several observations indicating that this gradual internationalization, rather than large foreign investments, is characteristic of the internationalization process of most Swedish firms." To capture the breadth and depth of this research stream, Table 1 summarizes 16 influential articles from research relating to the Uppsala Model that involve Johanson and/or Vahlne. The articles in Table 1 are included in chronological order to allow for an overview-read of the evolution of thought and theorizing.

As it relates to the theory, some international business scholars who have been critical of the Uppsala Model have focused on its "gradual" (and sometimes also "sequential") feature of internationalization. However, this gradual anchor was

intentional in order to concentrate on manufacturing firms that start international operations when they are still comparatively small (compared with large American multinationals) and gradually develop their operations abroad. Consequently, if we assume "gradual" can be achieved faster (or slower) as a function of time and evolution of a firm, then practically all firms can fit into the Uppsala Model, as Johanson and Vahlne (2009) also make a case for in their 2009 Decade Award-winning article. At the same time, it is clear that deeper theorizing within the scope of, or as an extension to, the Uppsala Model needs to take place regarding service, technology, and internet-heavy ventures. In fact, the omnichannel environment that permeates most of international trade today demands integration of bricks-and-mortar and service-minded technology activities by virtually all multinational corporations. Meanwhile, many scholars consider the Uppsala Model to be a robust, time-tested depiction of internationalization, as long as "gradual" is adapted to the times, contexts, and environments in which world regions, countries, industries, and firms operate (e.g., Bamiatzi, Bozos, Cavusgil, and Hult, 2016).

Another aspect of the original Uppsala Model (Johanson and Vahlne, 1977) that was somewhat lost for many years was that business relationships and networks permeated a significant portion of the development of the internationalization process, mainly via the research focus adopted by the Industrial Marketing and Purchasing (IMP) group (e.g., Johanson & Vahlne, 2011).¹ This internationalization-network dynamic inherent in the Uppsala Model is illustrated by several of the influential articles in Table 1 (e.g., Anderson, Håkansson, & Johanson, 1994; Hallén, Johanson, & Seyed-Mohamed, 1991; Holm, Eriksson, & Johanson, 1996, 1999; Johanson & Vahlne, 2011). The connection between the Uppsala Model and the IMP theorizing is natural. Uppsala University was instrumental in helping to start the IMP group worldwide under the leadership of Håkan Håkansson, with several Uppsala researchers involved on the team (e.g., Lars-Gunnar Mattsson, Mats Forsgren). Importantly, there was critical cross-collaboration across the IMP and IB researchers at Uppsala University that motivated cross-fertilization of intellectual thoughts. In this context, Jan Johanson describes his career-long research focus in the interview with Lars Engwall (Engwall & Johanson, 2008): In the 15 years prior to the 1977 article, he

**Table 1** Core set of influential articles involving Jan Johanson and/or Jan-Erik Vahlne

| References | Scope of the article |
|--|--|
| Vahlne & Wiedersheim-Paul (1973) | This work focused on economic and psychic distance. The Vahlne and Wiedersheim-Paul (1973) thoughts presented in this work leveraged the empirical observations from a database of Swedish-owned subsidiaries abroad (as did several subsequent articles in Table 1). The logic was that the closer the psychic distance between countries, the more likely the Swedish firms were to engage in those foreign markets. Additionally, Swedish companies at this time frequently began internationalizing with ad hoc exporting to countries close to Sweden in psychic distance (e.g., other Scandinavian countries), and then would gradually enter other markets that were further away in psychic distance terms |
| Sanden & Vahlne (1974: 91) | "The aim of this study was to examine the growth rates of Swedish multinational corporations. An attempt was made to answer the question of whether the MNCs have grown faster than has the Swedish manufacturing industry and, if so, to investigate the extent to which this can be explained by differences in multinationality. In order to separate the effect of that factor, technology-intensity, size, and profitability were included in the model; according to theory, these factors are correlated with multinationality and possibly with rates of growth" |
| Johanson & Wiedersheim-Paul (1975: 305) | "The widespread interest in multinational firms has given rise to many articles and books on various aspects of the international strategies of firms. Research has been concentrated on the large corporations, particularly the American. Many firms, however, start international operations when they are still comparatively small and gradually develop their operations abroad." From studies of international business at the University of Uppsala, several observations indicate that this "gradual internationalization, rather than large foreign investments, is characteristic of the internationalization process of firms" |
| Johanson & Vahlne (1977: 23) | "On the basis of empirical research, a model of the internationalization process of the firm is developed. The model focuses on the gradual acquisition, integration and use of knowledge about foreign markets and operations, and on the incrementally increasing commitments to foreign markets. In particular, attention is concentrated on the increasing involvement in the individual foreign country" |
| Johanson & Mattsson (1987: 34) | "This article compares the network approach and transaction-cost approach for interorganizational relations in industrial system. It considers some aspects of relations among firms engaged in industrial production as those relations are postulated or described in two theoretical approaches to analyzing industrial systems. A network approach, as developed by some Swedish researchers in industrial marketing and international business, is compared with the transaction-cost approach associated with [Nobel Prize Winner] Oliver Williamson" |
| Johanson & Mattsson (1988) | The overall theme of the book suggests that international interdependence between firms and within industries is of great and increasing importance. Analyses of international trade, international investments, industrial organization and international business behavior attempt to describe, explain, and give advice about these interdependencies. The theoretical bases and the level of aggregation of such analyses are naturally quite varied. |
| Johanson & Vahlne (1990) | The contemporary relevance of the so-called Uppsala Internationalization Model is discussed. This is a framework advanced by a number of Swedish colleagues describing the typical process of "going international." Johanson and Vahlne respond to the criticisms of the model they proposed in the 1970s and relate it to the Eclectic Paradigm Model and the Networking literature. The concepts of the advantage package and advantage cycle in the internationalization context are also introduced |
| Hallén, Johanson, & Seyed-Mohamed (1991: 29) | "On the basis of social exchange theory and the resource-dependence model, a structural model of interfirm adaptation is formulated. The model accounts for mutual adaptation as a consequence of trust-building as well as for unilateral adaptation due to imbalanced dependence between the parties. The view that interfirm adaptations are elements in a social exchange process is supported" |
| Anderson, Håkansson, & Johanson (1994: 1) | "In business-to-business settings, dyadic relationships between firms are of paramount interest. Recent developments in business practice suggest that to understand these business relationships, greater attention must be directed to the embedded context within which dyadic business relationships take place. The authors provide a means for understanding the connectedness of these relationships. They then conduct a substantive validity assessment to furnish some empirical support that the constructs they propose are sufficiently well delineated and to generate some suggested measures for them" |

Table 1 (Continued)

| References | Scope of the article |
|---|--|
| Holm, Eriksson, & Johanson (1996: 1033) | "Cooperative relationships between firms can be better understood if they are examined in the context of a network of connected business relationships. Based on research on business relationships and business networks, this paper formulates a model that analyses cooperation in international business relationships between suppliers and customer firms. Theory suggests that cooperation can raise the value of business relationships, and that business network connections have an impact on cooperation. The analysis shows that relationship profitability is directly affected by relationship commitment and, indirectly through commitment, by business network connections" |
| Eriksson, Johanson, Majkgård, & Sharma (1997: 41) | In furthering "understanding of the dynamics of the internationalization of firms, process models have played a significant role... In these models, market-specific experiential knowledge is central in explaining the firm's internationalization process. A vast amount of research, using the concept of experiential knowledge, on the internationalization process and the choice of mode for entering foreign markets has been accumulated." IN this chapter, the authors argue that none of the previous works has "explicitly dealt with the cost of the internationalization process." They argue that: "An internationalization process entails risk and the investment of resources...the issue of the effects of the critical experiential knowledge on the cost of the internationalization process becomes important. Cost aspects have a bearing on the profit generated by firms, on a firm's inclination to enter foreign markets, and on the selection or changing of foreign market entry mode" |
| Holm, Eriksson, & Johanson (1999: 467) | "A structural model of business relationship development in a business network context is formulated and tested on data from the European International Marketing and Purchasing (IMP) project. The analysis demonstrates a causal chain from business network connection through mutual commitment and mutual dependence to value creation in the relationship. The results show that mutuality in business network relationships is critical in developing interfirm systems of workflow interdependence that promote the creation of value. This also implies that, through their interaction in business network relationships, firms in business markets organize and share an unbounded structure of interdependent activities, enabling them to achieve greater value than would be the case if they did not engage in relationship development" |
| Johanson & Vahlne (2003: 83) | "This article is based on a case study of an international venture and on the observations reported by a number of researchers that the received models of the internationalization process of the firm do not capture some important phenomena in the modern international business world. As several researchers argue that networks play an important role in the early internationalization the paper outlines a network model of the internationalization process of the firm. It combines the experiential learning–commitment interplay as the driving mechanism from the old internationalization process model with a similar experiential learning–commitment mechanism focusing on business network relationships. In the resulting model, we can see firms learning in relationships, which enables them to enter new country markets in which they can develop new relationships which give them a platform for entering other country markets" |
| Johanson & Vahlne (2006: 165) | "This article starts from the observation that the internationalization process (IP) model frequently is interpreted as a model of risk reduction in the internationalization of the firm. The dominating view of the model seems to be that commitment is the dependent variable and experience is the independent variable. A basic assumption of the original model, however, is that opportunity development is an important outcome of commitment. The purpose of this note is to articulate this relation, which is not stressed enough in earlier writings" |
| Johanson & Vahlne (2009: 1411) | "The Uppsala internationalization process model is revisited in the light of changes in business practices and theoretical advances that have been made since 1977. Now the business environment is viewed as a web of relationships, a network, rather than as a neoclassical market with many independent suppliers and customers. Outsidership, in relation to the relevant network, more than psychic distance, is the root of uncertainty. The change mechanisms in the revised model are essentially the same as those in the original version," although trust-building and knowledge creation have been added, "the latter to recognize the fact that new knowledge is developed in relationships" |



Table 1 (Continued)

| References | Scope of the article |
|--------------------------------|--|
| Johanson & Vahlne (2011: 484) | "Based on empirical studies of firm exchange activities in business markets, this article outlines a business network view of the firm-market relationship, which differs fundamentally from the view assumed by neo-classical economic theory... Business networks are defined as sets of connected business relationships. Thus, business relationships and connections between relationships are the critical elements in the business network view. It is assumed, as suggested by the Uppsala internationalization process model, that an interplay between knowledge and commitment development is the mechanism that drives the relationship and network development process. Against this background the paper discusses how strategic change is analyzed in literature on alliances and networks" |
| Johanson & Vahlne (2017: 1087) | "The original Uppsala model that was published in 1977 explains the internationalization process of firms." The authors "have further developed the model several times in the intervening years." The present article is the latest effort: "a general model of the evolution of the multinational business enterprise (MBE), from early steps abroad to be a global firm. The updated, augmented model explains MBE evolution in general, not only characteristics of the internationalization process in a narrow sense... the newest iteration, anchored in process ontology, will be useful in conducting longitudinal empirical studies" |

Table 1 summarizes works involving Jan Johanson and/or Jan-Erik Vahlne. To stay true to the intention of the authors, each article is summarized using quotations as much as possible (with page numbers included as appropriate), paraphrasing when needed, and original text as warranted.

said his focus was mainly on the internationalization process of firms, followed by 15 years on business networks (1977–1992), and subsequently 15 years (1993–2008) on merging internationalization and business networks. This internationalization–network theorizing is also reflected in the revised versions of the Uppsala Model, including the 2009 Decade Award–winning article (Johanson & Vahlne, 2011), in which "market commitment" is theoretically expanded and replaced by "network position."

To properly celebrate that the Johanson and Vahlne (2009) article has been recognized with the Decade Award, the best place to start is to trace the theoretical evolution of the Uppsala Model. Our theoretical, empirical, and practical lens in this endeavor is to focus on the Uppsala Model's linkage to the field of marketing. Not lost on international marketing researchers, or those involved in the IMP group, the Uppsala Model traces a heavy dosage of its conceptualization to scholarly marketing thought. This is not to say that the Uppsala Model is theoretically more rooted in marketing than, say, management, economics, or international business, per se, but our focus is entrenched in marketing scholarship to make a unique contribution. Importantly, through various revisions and defenses, the Uppsala Model has maintained a strong link to marketing thought (e.g., in 1977, 1990, 2009, and 2017).

THEORETICAL EVOLUTION AND LINKAGE TO MARKETING

In general, there have been relatively minimal theoretical revisions to the original Uppsala Model from 1977, but the most robust modifications came in 2009. Figure 1 traces the evolution at the construct level, with market knowledge, commitment decisions, current activities, and market commitment as the four pillars (sequential stages) of the dynamic Johanson and Vahlne (1977) model. Table 2 provides descriptions of the constructs in the Uppsala Model, as they evolved in 1977, 2009, and 2017. As can be seen in both Fig. 1 and Table 2, the award-winning article in 2009 incorporated revisions of these pillars to a new but related set of knowledge opportunities, relationship commitment decisions, learning, creating and trust building, and network position.

In both versions (1977 and 2009) as well as in the most recent revision (2017), the Uppsala Model consists of two sets of variables, namely state variables (shown on the left-hand side of Fig. 1) and change variables (shown on the right-hand side of Fig. 1). These variables affect each other, the current state having an impact on change, and vice versa. Johanson and Vahlne (2009: 1423) argue that the "model thus depicts dynamic, cumulative processes of learning, as well as trust and commitment building." "The change variables are the crucial

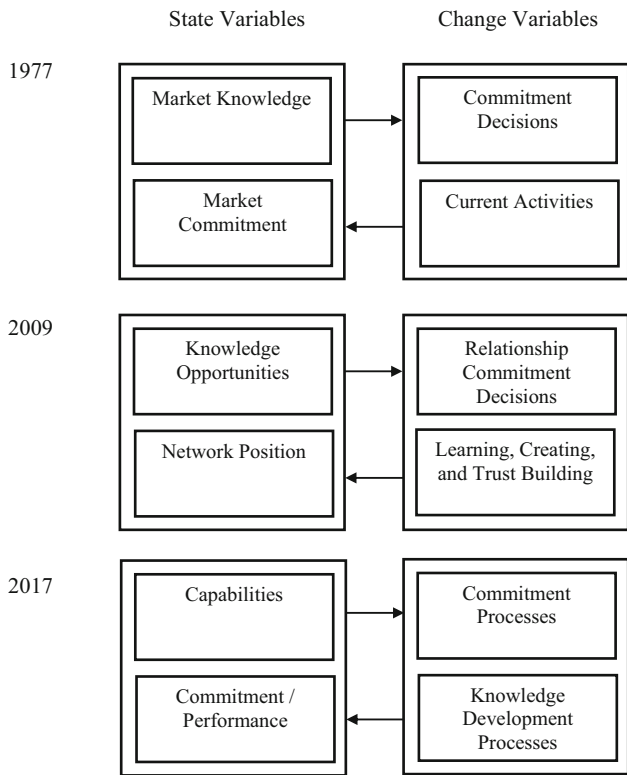


Figure 1 Evolution of the Uppsala Model, 1977, 2009, and 2017.

elements of the model: they are where the action takes place” (Vahlne & Johanson, 2017: 1092).

The state-change focus and overall evolution of the Uppsala Model are very much aligned with the logic that Jan Johansson presented in his interview with Lars Engwall in 2008 (Engwall & Johanson, 2008). As we summarized earlier, Johanson said that he mainly studied internationalization of business activities in the 15 years prior to the Johanson and Vahlne (1977) article. As a consequence of this theorizing, the 1977 article served the international business field as the foundation of firms’ internationalization processes for decades, and it also became the platform for the research fabric at Uppsala University. After that, Johanson’s focus, and presumably much of the Uppsala University team’s focus, centered on business relationships and networks leading up to the publication of the 2009 article. The 2009 revision emphasizes this dual and reinforcing focus on internationalization and networks by delineating the logic that market commitment from 1977 should be viewed as where a firm is positioned in the larger ecosystem or “network” of the marketplace. (To provide clarity, the international

business ecosystem is defined as the organisms of the business world – including stakeholders, organizations, and countries – involved in exchanges, production, business functions, and cross-border trade through both marketplace competition and cooperation.)

While the concept of networks still permeates the logic in the Uppsala Model’s newer iteration (along with the view that trade and cross-border business activities take place in an international business ecosystem), the 2017 version again alters the market commitment stage to commitment and performance (Vahlne & Johanson, 2017). That said, it is clear that market commitment is important to the internationalization modeling in the minds of Johanson and Vahlne but also that the position in the international business network or ecosystem is central to a firm’s performance within the marketplace. This aspect of the Uppsala Model becomes clearer in 2017 when the idea of commitment is portrayed as such (instead of as a network position) but also with the added focus on performance. Specifically, a firm being committed to the market (Johanson & Vahlne, 1977), or being able to identify the market position of the firm within the network (Johanson & Vahlne, 2009), is of limited value if performance associated with such commitment and network position is not superior to viable alternatives and competitors’ offerings (Vahlne & Johanson, 2017). There has to be a positive performance implication of the commitment undertaken and the network position achieved for the Uppsala Model’s internationalization process to be valuable in a broader context (cf. Katsikeas, Morgan, Leonidou, & Hult, 2016). Thus, we argue that competitiveness of the firm within the international business ecosystem is critical, not just within a network or based on commitment.

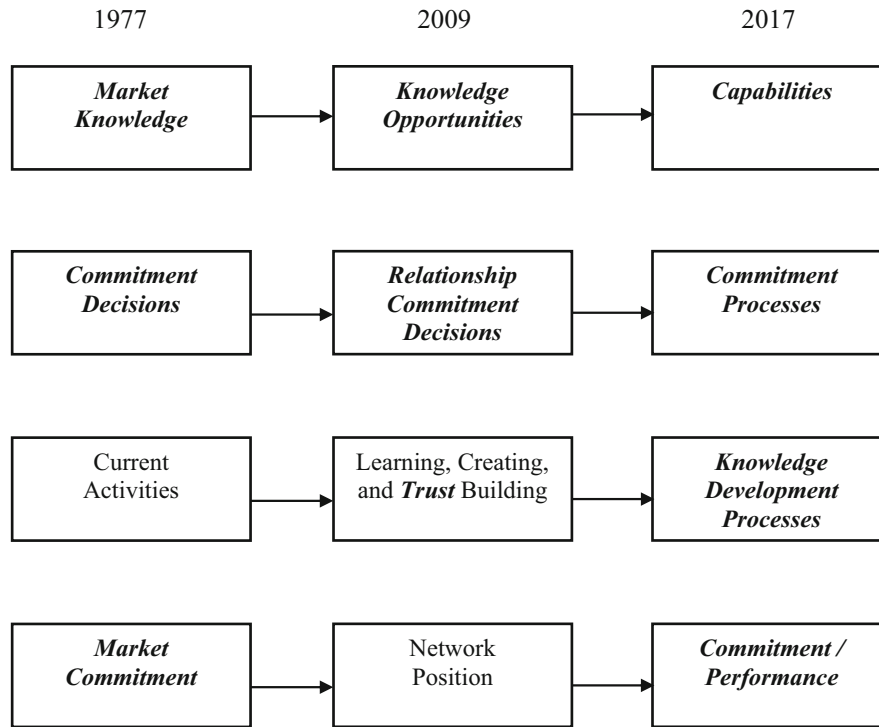
Figure 2 provides a clearer evolution of each of the four stages/constructs in the Uppsala Model, tracing the advances in the core developmental years of 1977, 2009, and 2017. In this context, the Johanson and Vahlne (1990) article – while immensely influential – largely served to defend the original 1977 version. The constructs stayed the same in 1990 as in 1977 and, consequently, we focus on the 1977, 2009, and 2017 iterations in Fig. 2. Beyond the “boxes” in the Uppsala Model signified by the market commitment → network position → commitment/performance evolution, which really serve as the end-point of the model (although the model is theoretically dynamic), there are three additional evolutionary linkages.

**Table 2** Descriptions of the constructs in the Uppsala Model, 1977, 2009, and 2017

| Year | Construct | Description |
|------|--|--|
| 1977 | Market knowledge | Market knowledge refers to knowledge of opportunities and knowledge related to the evaluation of foreign market alternatives (e.g., market environment, performance of activities) (Johanson & Vahlne, 1977: 27) |
| | Commitment decisions | Commitment decisions refer to decisions by the firm to commit resources (or to not commit resources) to foreign operations (Johanson & Vahlne, 1977: 28) |
| | Current activities | Current activities refer to business activities that are undertaken to achieve some desired (positive) consequence in foreign markets (Johanson & Vahlne, 1977: 27) |
| | Market commitment | Market commitment refers to the amount of resources committed and the degree of the commitment (Johanson & Vahlne, 1977: 27) (i.e., “the product of the size of the investment times its degree of inflexibility”—Johanson & Vahlne, 2009: 1412) |
| 2009 | Knowledge opportunities | Knowledge opportunities are rooted in the 1977 concept of “market knowledge” but also includes “recognition of opportunities” (Johanson & Vahlne, 2009: 1424) in addition to market knowledge of opportunities and knowledge related to the evaluation of foreign market alternatives (e.g., market environment, performance of activities) |
| | Relationship commitment decisions | Commitment decisions in 1977 gave way to “relationship commitment decisions” in 2009 “to clarify that commitment is to relationships or to networks of relationships ... [implying] that the focal firm decides either to increase or decrease the level of commitment to one or several relationships in its network” (Johanson & Vahlne, 2009: 1424) |
| | Learning, creating, and trust building | With reference to “current activities” in 1977, Johanson & Vahlne (2009: 1424) stated in 2009 that: “We changed the original label of ‘current activities’ to ‘learning, creating, and trust-building’ to make the outcome of current activities more explicit” |
| | Network position | Network position builds on the 1977 concept of “market commitment,” and the assumption for the 2009 model is “that the internationalization process is pursued within a network” (Johanson & Vahlne, 2009: 1424). In this paper, we make an argument that the network should be broadened to the international business ecosystem |
| 2017 | Capabilities | Capabilities generally refer to knowledge and skills, and the Uppsala Model has largely been knowledge-dependent. The 2017 model makes the firm-specific advantages explicit (whereas previously, Vahlne & Johanson, 2017, argue that they were only implicit). This also means that the 2017 Uppsala Model integrates both operational and dynamic capabilities into the theorizing, which makes sense given that the Uppsala Model has been viewed by most researchers to be dynamic |
| | Commitment processes | “The dimensions of the commitment process include reconfiguring and coordinating. These sub-processes, just like others, occur under conditions of risk, uncertainty, and partial ignorance, and hence, after capabilities and relationships have been altered and particular performance levels achieved, trigger new knowledge development in the form of learning, creating and trust building” (Vahlne & Johanson, 2017: 1093) |
| | Knowledge development processes | The knowledge development processes in 2017 refer to the same learning, creating, and trust building concepts as in the 2009 model: “Knowledge development processes, that is, learning, creating, and trust-building, are occurring continuously, thereby changing the state variables” (Vahlne & Johanson, 2017: 1092). These knowledge processes “can also be either inter- or intra-organizational, since both the focal firm itself and its task environment have a network character” (Vahlne & Johanson, 2017: 1093–1094) |
| | Commitment/performance | “Commitments describes the distribution of resources over the MNE’s functions, its product lines, the countries where it is active, and the relationships in which it has invested”—explicitly including a forward-looking lens—and “performance refers to what has been achieved already” (Vahlne & Johanson, 2017: 1097) |

The process starts with market knowledge (1977) which leads to knowledge opportunities (2009) and capabilities (2017) over time. The evolution of this “knowledge” construct appears to fall within the same general literature base, albeit with a broadening from “knowledge” in 1977 and 2009 to capabilities in 2017 (cf. Day, 1994). With the

introduction of capabilities, the Uppsala Model theoretically adds resources, skills, and likely also the related phenomenon of strategic assets. Knowledge is a part of, but does not constitute the full scope of, capabilities. Capabilities generally refer to knowledge and skills, which are both related to, but also viewed by most scholars as theoretically



Note: The concepts in *italicized bold* font are heavily used in the field of marketing.

Figure 2 Marketing’s influence on the Uppsala Model, 1977, 2009, and 2017.

different from, a firm’s strategic assets and resources.

The commitment decisions (1977) – relationship commitment decisions (2009) – commitment processes (2017) link has been shown to incorporate perhaps the least evolutionary revisions over the last four decades. That is, the Uppsala Model has generally been described theoretically as a “stages model” or “process model” and not necessarily a “decision model” (although the algebra in the 1977 version conveys a decision schema). As such, “commitment processes” resonate better theoretically than “commitment decisions” within the scope of the model corollaries. This theorizing is best described in the 2009 article in which Johanson and Vahlne, perhaps purposefully, move away even more from economics, a process that started with the 1977 article where the authors consciously wanted to elevate micro-oriented firm-level explanations over macro-oriented economics in internationalization. Consequently, it can be said that the decision-making aspect was positioned as a core component in the Uppsala Model but probably should always have been secondary to the “process” aspect of the model and subsequent empirical

testing. In fact, an argument can be made that the Uppsala Model is much broader and deeper in its theorizing than the empirical testing that has been conducted to validate it. This process focus – if assumed a process can be completed anywhere from slow to fast – would also help make the argument that the model is applicable to newer contexts and contemporary firms (e.g., born global firms, new internationalized ventures). Thus, revising the commitment decision to a process focus – by stressing relationships as a way of embedding business relationships and networks even deeper into the theorizing – is theoretically advantageous and logical. Such process focus also applies more soundly to service firms, digital ventures, and technology-intensive settings.

The most extensive revisions to the Uppsala Model appear to be in the current activities (1977) – learning, creating, and trust building (2009) – knowledge development processes (2017) link. In fact, an argument can be made, at the coarse-grained level, that the 2017 focus on knowledge development processes instead of current activities (1977) or learning, creating, and trust building (2009) has blurred the theoretical refinement of the



Uppsala Model. Basically, there has been lots of development and re-thinking of the constructs in this link, but not necessarily to a more refined version that is verifiable and applicable. Such blurred refinement is perhaps a function of the changing world within which we now operate (e.g., Verbeke & Fariborzi, 2019), a world that is both continuing globalizing in many ways but is also retracting its global efficiencies in others (e.g., tariffs, nationalism). For example, we now have knowledge at multiple levels, or at least at various stages in a stage-model view, that detracts from the core activities of internationalization. Interestingly, we also have commitment at two stages in the latest model in 2017; albeit here we can reasonably assume that commitment is a two-pronged phenomenon centered on market commitment and firm commitment. Ultimately, though, any modeling becomes time-tested. The award-winning 2009 version (like the original 1977 version) has theoretical soundness and credibility in the marketplace. The 2017 version likely needs more refinement and/or thoughts linked to the 1977 and/or 2009 versions to be theoretically sound and practically viable, but at the very least it needs more empirical testing.

The 2017 version should motivate and entice the international business professorate (and perhaps in particular marketing scholars), especially since both the 1977 and 2009 versions have been recognized with the *JIBS* Decade Award. What strikes us in the 2017 version of the model is that all constructs have become embedded even more in the international marketing and marketing strategy literatures. Figure 2 identifies core constructs from the field of marketing in italicized bold font, whereas the normal text captures other elements (mainly from the management and international business literatures). As a broad take, what Fig. 2 tells us is that the Uppsala Model started out as being strongly based in industrial and international marketing (and economics), evolved somewhat in the 2009 award-winning article to a broader take on the business literature, and returned in 2017 to a heavy marketing theory foundation. This is not to say that these italicized bold-font constructs are only applicable and used in the field of marketing – many fields incorporate these constructs – but rather that the theoretical anchoring in marketing is very strong. At the same time, these “marketing” constructs are natural in the sense that the Uppsala Model rests very much on business network research (e.g., Hallén, Johanson, & Seyed-

Mohamed, 1991), international marketing (e.g., Hult, 2012), purchasing and supply chain management (e.g., Kozlenkova, Hult, Lund, Mena, & Kecec, 2015), trust and commitment (e.g., Morgan & Hunt, 1994), and markets and networks (e.g., Johanson & Vahlne, 2011).

CONCLUSION

The combined picture that is formed across Tables 1 and 2, and Figs. 1 and 2, and the thoughts we presented in this paper, presents a unique international marketplace. This is a marketplace that shows evolution, drastic changes in market dynamics, and new opportunities to leverage the Uppsala Model for even better understanding and predictive abilities. However, it is clear that the Uppsala Model has to evolve as a function of time and context. For example, the award-winning Johanson and Vahlne (2009) article was published at a time when international markets were in upheaval in the midst of the global financial crisis in 2008–2009. The model incorporated nuanced revisions and logical changes relative to what was needed at the time. The question for the future is if the Uppsala Model (Johanson & Vahlne, 1977, 2009; Vahlne & Johanson 2017) can provide explanatory and predictive power in the trade and production era of tomorrow, an era in which firms face a backlash against globalization, increasing protectionism and nationalisms as well as a surge in populism against consumption and international travel. How does this affect firms’ quest for increasing international presence in new and distant countries, and what does it mean for the Uppsala Model?

As just one example of new market dynamics, can the Uppsala Model integrate strategically important themes such as the United Nations’ Sustainable Development Goals while offering a prosperous outlook for small, medium, and large firms in the international marketplace (Hult, Mena, Gonzalez-Perez, Lagerström, & Hult 2018)? Myriad other examples exist of elements that connect with global efficiency that can affect the Uppsala Model’s viability, e.g., service-focus, digital footprint, and technology enhancements. (Global efficiency is defined as the value of total world trade relative to countries’ total GDP production; a higher number means the world operates more globally efficiently; Hult, 2018.) Such refined understanding also needs to be relevant to preferably all, or at least most, world regions, countries,

firms, and industries, among a plethora of driving forces (cf. Aguilera, Ciravegna, Cuervo-Cazurra, & Gonzalez-Perez, 2017).

Another theme for future consideration is opportunity recognition in relation to the Uppsala Model, as networks are likely to pose boundaries for new opportunity discovery of exploration character while being fundamental for opportunity development of exploitation character. Consequently, opportunity recognition might be contingent on the commitment and network position with boundaries that place undue constraints. And, related to another boundary constraint, Johanson and Vahlne (1977, 2009) emphasized gradual or incremental internationalization in the Uppsala Model. This incremental internationalization has also been one of the reasons for criticizing the model, leading to theoretical and practical emphasis on time and speed in internationalization as a result (e.g., born globals). However, a focus on time and speed has led to other aspects of incrementality in theorizing and applicability as it relates to the Uppsala Model. Thus, one area with potential for increased explanatory and predictive power of the model is to deconstruct the gradual aspect of internationalization into different aspects of distance, commitment, knowledge, and time. This deconstruction should also be carried out from both inter-country (cross-border trade) and intra-country bases (Chabowski, Hult, Kiyak, & Mena, 2010).

Many more examples exist of market dynamics and theoretical boundary conditions and

constraints that likely relate to the continued viability of the Uppsala Model (e.g., see the point-counterpoint discussion in the *Journal of International Business Studies*, volume 48, number 9, 2017 – Coviello, Kano & Liesch, 2017; Hutzschenreuter & Matt, 2017; Håkansson & Kappen, 2017; Santangelo & Meyer, 2017; Vahlne & Johanson, 2017). Perspectives on this changing world view have been captured in various ways in the literature, most recently in the 50th anniversary issue of *Journal of International Business Studies* (volume 50, number 9, 2019). International business scholars continually working on and attending to the Uppsala Model's viability – via carefully crafted revisions, critiques, and testing – is a way to make sure that internationally operating firms can constantly become more efficient. At the macro-level, regions and countries strive for global efficiencies; firms have a massive stake in the implementation of such global efficiencies.

NOTES

¹As a reference, the Industrial Marketing and Purchasing (IMP) group was in the early days also sometimes referred to as the International Marketing and Purchasing Group (Engwall & Johanson, 2008).

REFERENCES

- Aguilera, R. V., Ciravegna, L., Cuervo-Cazurra, A., & Gonzalez-Perez, M. A. 2017. Multilatinas and the internationalization of Latin American firms. *Journal of World Business*, 52(4): 447–460.
- Anderson, J. J., Håkansson, H., & Johanson, J. 1994. Dyadic business relationships within a business network context. *Journal of Marketing*, 58(4): 1–15.
- Bamiatzis, V., Bozos, K., Cavusgil, S. T., & Hult, G. T. M. 2016. Revisiting the firm, industry and country effects on profitability under recessionary and expansion periods: A multi-level analysis. *Strategic Management Journal*, 37(7): 1448–1471.
- Chabowski, B. R., Hult, G. T. M., Kiyak, T., & Mena, J. A. 2010. The structure of JIBS' social network and the relevance of intra-country variation: A typology for future research. *Journal of International Business Studies*, 41(5): 925–934.
- Coviello, N., Kano, L., & Liesch, P. W. 2017. Adapting the Uppsala model to a modern world: Macro-context and microfoundations. *Journal of International Business Studies*, 48(9): 1151–1164.
- Day, G. S. 1994. The capabilities of market-driven organizations. *Journal of Marketing*, 58(October): 37–52.
- Engwall, L., & Johanson, J. 2008. Vågen hit ("The Road Here"), Medfarm Play, Uppsala University. <http://media.medfarm.uu.se/play/video/2213?module=vagenhit&video/fallbackknow>.
- Eriksson, K., Johanson, J., Majkgård, A., & Sharma, D. D. 1997. Experiential Knowledge and Cost in the Internationalization Process. In: Forsgren, M., Holm, U., Johanson, J. (eds). *Knowledge, networks and power*. London: Palgrave Macmillan, 41–63.
- Håkansson, L., & Kappen, P. 2017. The 'Casino Model' of internationalization: An alternative Uppsala paradigm. *Journal of International Business Studies*, 48(9): 1103–1113.
- Hallén, L., Johanson, J., & Seyed-Mohamed, N. 1991. Interfirm adaptation in business relationships. *Journal of Marketing*, 55(2): 29–37.
- Holm, D.B., Eriksson, K., & Johanson, J. 1996. Business networks and cooperation in international business relationships. *Journal of International Business Studies*, 27(5): 1033–1053.
- Holm, D.B., Eriksson, K., & Johanson, J. 1999. Creating value through mutual commitment to business network relationships. *Strategic Management Journal*, 20(5): 467–486.
- Hult, G. T. M. 2012. A focus on international competitiveness. *Journal of the Academy of Marketing Science*, 40(2): 195–201.



- Hult, G. T. M. 2018. Global efficiency: Explaining today's global investment and international production trends. Geneva, Switzerland: United Nations' World Investment Forum 2018.
- Hult, G. T. M., Mena, J. A., Gonzalez-Perez, M. A., Lagerström, K., & Hult, D. T. 2018. A ten country-company study of sustainability and product-market performance: Influences of doing good, warm glow, and price fairness. *Journal of Macromarketing*, 38(3): 242–261.
- Hutzschenreuter, T., & Matt, T. 2017. MNE internationalization patterns, the roles of knowledge stocks, and the portfolio of MNE subsidiaries. *Journal of International Business Studies*, 48(9): 1131–1150.
- Johanson, J., & Mattsson, L. G. 1987. Interorganizational relations in industrial systems: A network approach compared with the transaction-cost approach. *International Studies of Management & Organization*, 17(1): 34–48.
- Johanson, J., & Mattsson L. G. 1988. Internationalization in industrial systems: A network approach. In: Hood, N., & Vahlne, J.-E. (eds). *Strategies in global competition*. London: Croom Helm, 468–486.
- Johanson, J., & Vahlne, J.-E. 1977. The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1): 23–32.
- Johanson, J., & Vahlne, J.-E. 1990. The mechanism of internationalization. *International Marketing Review*, 7(4): 11–24.
- Johanson, J., & Vahlne, J.-E. 2003. Business relationship learning and commitment in the internationalization process. *Journal of International Entrepreneurship*, 1(1): 83–101.
- Johanson, J., & Vahlne, J.-E. 2006. Commitment and opportunity development in the internationalization process: A note on the Uppsala internationalization process model. *Management International Review*, 46(2): 165–178.
- Johanson, J., & Vahlne, J.-E. 2009. The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9): 1411–1431.
- Johanson, J., & Vahlne, J.-E. 2011. Markets as networks: Implications for strategy-making. *Journal of the Academy of Marketing Science*, 39(4): 484–491.
- Johanson, J., & Wiedersheim-Paul, F. 1975. The internationalization of the firm—Four Swedish cases. *Journal of Management Studies*, 12(3): 305–323.
- Katsikeas, C., Morgan, N. A., Leonidou, L. C., & Hult, G. T. M. 2016. Assessing performance outcomes in marketing. *Journal of Marketing*, 80(2): 1–20.
- Kozlenkova, I. V., Hult, G. T. M., Lund, D., Mena, J. A., & Kecec, P. 2015. The role of marketing channels in supply chain management: A review of the literature and takeaways for future research. *Journal of Retailing*, 91(4): 586–609.
- Morgan, R. M., & Hunt, S. D. 1994. The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3): 20–38.
- Sanden, P., & Vahlne, J.-E. 1974. The growth rates of Swedish multinational corporations. *Journal of International Business Studies*, 5(1): 91–105.
- Santangelo, G.D., & Meyer, K.E. 2017. Internationalization as an evolutionary process. *Journal of International Business Studies*, 48(9): 1114–1130.
- Vahlne, J.-E., & Johanson, J. 2017. From internationalization to evolution: The Uppsala model at 40 years. *Journal of International Business Studies*, 48(9): 1087–1102.
- Vahlne, J.-E., & Johanson, J. 2020. The Uppsala model: Networks and micro-foundations. *Journal of International Business Studies*, 51(1).
- Vahlne, J.-E., & Wiedersheim-Paul, F. 1973. Ekonomiskt avstånd: Modell och empirisk undersökning Economic distance: Model and empirical investigation. In: Hörnell, E., Vahlne J.-E., Wiedersheim-Paul, F. (eds) *Export och Utlandsetableringar (export and foreign establishments)*. Uppsala: Almqvist och Wiksell, pp. 81–159
- Verbeke, A., & Fariborzi, H. 2019. Celebrating 50 years of JIBS: Anniversary issue and medal awardees. *Journal of International Business Studies*, 50(9): 1441–1447.

ABOUT THE AUTHORS

G. Tomas M. Hult Ph.D., is Professor and Byington Endowed Chair at Michigan State University and visiting professor at Uppsala University, Sweden and Leeds University, United Kingdom. A dual citizen of his native Sweden and the US, he is a Fellow of the Academy of International Business and the 2016 Academy of Marketing Science Distinguished Marketing Educator.

Maria Alejandra Gonzalez-Perez Ph.D., is Professor of Management at Universidad EAFIT in Colombia. Dr. Gonzalez-Perez is a Member of the global council of the Sustainable Development Goal number 1 (SDG 1: End Poverty) of the World Government Summit (WGS) and has represented Colombia at meetings of the United Nations.

Katarina Lagerström Ph.D., is Associate Professor of International Business in the Department of Business Studies at Uppsala University in Sweden and part of the team that carries on the legacy work of Jan Johanson and Jan-Erik Vahlne. Dr. Lagerström also holds a position as researcher in the School of Business, Economics, and Law at University of Gothenburg in Sweden.

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Accepted by Alain Verbeke, Editor-in-Chief, 21 November 2019. This article has been with the authors for one revision and was single-blind reviewed.