

The paper uses a large firm level dataset on the Swiss industry to test the OLI paradigm across manufacturing and services, and across functions. I have three sets of comments that might be useful to improve this work.

First, the paper would benefit from a statement upfront of what exactly the authors think the OLI framework predicts and which parts of it they are aiming to test. In fact, the standard way of conceptualising the model is in terms of a set of ownership advantages that affect firms' choice to internationalise; of a set of localisation advantages that impact on where firms will place their international operations; and a set of internalisation factors that determine how they will operate abroad. It seems to me that the paper does provide evidence on the likelihood that internationalisation takes place and on the role of ownership advantages in this respect. Moreover it does to some extent explain the choice of internationalisation modes (whether they invest abroad using exporters and non internationalised firms as a baseline, or whether they choose different combinations of internationalisation stages). However, the determinants of different internationalisation modes, i.e. internalisation advantages, are not clearly captured, as the authors themselves admit. In particular I find the use of size as an internalisation advantage very unsatisfactory, as it is quite related to technology and productivity, hence ownership advantages at least as much as it may capture some relative advantages of using internal markets. The choice of where to operate abroad is not tested at all. The authors do control for some measures of relative costs of operating in a given country, but the dependent variable they mean to explain is not the location of their international activities, but the likelihood of internationalisation decisions.

Second, the explanation of the reasons why the determinants of internationalisation examined in this paper do not have the same impact in the case of manufacturing and in the case of service industries is not entirely satisfactory. The different role played by "soft capabilities" in the case of services might be part of the story. However, more controls on service subsectors would help distinguish for instance the case of knowledge intensive businesses, public services, non tradeable services. I suspect that important composition effects might be hidden in the results concerning the differences between the two macro sectors examined in this paper.

Third, while the focus of this paper is on OLI, it provides elements that could be useful also for the debate on global value chains, which are not exploited but would deserve some consideration. Perhaps this could be a way to highlight an implication of the OLI model that is rather disregarded in extant literature.