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Once bitten, not necessarily shy?
Determinants of foreign market *re-entry* commitment strategies

Surdu, I., Mellahi, K. & Glaister K.W. (accepted for publication in Journal of International Business Studies)

ABSTRACT

We investigate foreign market re-entry commitment strategies, namely the changes in the modes of operation (commitment) undertaken by multinational enterprises (MNEs) as they return to foreign markets from which they had previously exited. We combine organisational learning theory with the institutional change literature to examine the antecedents of re-entry commitment strategies. From an analysis of 1,020 re-entry events between 1980 and 2016, we find that operation mode prior to exit is a strong predictor of subsequent re-entry mode. Contrary to the predictions of learning theory, we did not find support for the effect of experience accumulated during the initial market endeavour on the re-entry commitment strategies of MNEs. In turn, exit motives significantly impact on the re-entrants' decision to re-enter via a different mode of operation, by either increasing or decreasing their commitment to the market. We show that re-entrants do not replicate unsuccessful operation mode strategies if they had previously underperformed in the market. When favourable host institutional changes occur during the time-out period re-entrants tend to increase commitment in the host market irrespective of the degree of prior experience accumulated in the market.

Keywords: foreign market exit and re-entry, organisational learning, institutional change, commitment increase, commitment decrease, operation modes

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INTRODUCTION

It is not uncommon for firms to re-enter foreign markets they have previously exited, and may even re-commit more resources to these markets, even though the initial foray was unsuccessful. For

example, following an unprofitable collaboration with their previous partner, in 2015, after a six-year period out of the country, French retailer Carrefour re-entered Algeria, via a new joint venture partnership. This time around Carrefour decided to take a higher stake in their new venture. For other firms, despite waiting a considerable time before re-entering, re-entry may entail using the same or lower commitment modes, than were used prior to exiting.

Such occurrences raise the question: What determines foreign market re-entry strategies? Although what drives firms to enter a foreign market for the first time and their choice of entry mode has been a core topic of international business research, despite the pervasiveness of re-entry, very little is known about what drives re-entry and choice of re-entry mode. In particular, the link between prior knowledge and experience and choice of operation mode is well recognised in the entry mode literature (Casillas and Moreno-Menendez, 2014; García-García, García-Canal and Guillén, 2017; Meschi and Metais, 2013). The consensus in this literature is that foreign entrants are often able to overcome their liability of foreignness by learning about foreign markets through prior experience in other markets (Barkema, Bell and Pennings, 1996; Delios and Henisz, 2003; Johanson and Vahlne, 1977) and escalating to higher commitment mode strategies in subsequent entries (Guillén, 2003). This research is underpinned by the assumption that learning - the development of new knowledge or insight as a result of experiences that have the potential to influence the behaviour of the organisation (Hurley and Hult, 1998, p. 43) - enables the firm to absorb and use knowledge acquired through experience to better understand the risks and benefits associated with different entry strategies.

Recently, studies have suggested that various factors may hinder the effectiveness of learning from prior experience accumulated in foreign markets on strategic decisions. Principally among them, is the focus on positive experiences. The focus on positive experiences may lead firms to miss opportunities to also learn from negative experiences and it can result in firms becoming overconfident in their decision-making capabilities and to reducing the number of strategic options considered (De Villa, Rajwani and Lawton, 2015; Gong, Zhang and Xia, 2017; Zeng, Shenkar, Lee and Song, 2013). In contrast, negative or failed experiences may lead to a re-evaluation of previously held assumptions and increased efforts to learn (March, 2010; De Villa et al., 2015). There is also a greater emphasis in the entry mode literature on the host country institutional context, i.e. 'the rules of

the game', and how it influences the ability of firms to benefit from knowledge and experience attained in the past (Ang, Benischke and Doh, 2014; Meyer, Estrin, Bhaumik and Peng, 2009; Peng, 2003; Surdu, Mellahi and Glaister, 2018). Further, institutions are not static and tend to change over time (Peng, 2003; Peng, Wang and Jiang, 2008), and therefore firms may need to adjust their strategies to accommodate these institutional changes (Witt and Lewin, 2007; Zeng et al., 2013). In this study, we draw on learning theory and the institutional change literature to examine foreign market re-entry commitment strategies, namely the changes (if any) in the modes of operation undertaken by MNEs when re-entering a previously exited market.

This study responds to calls to revitalise the market entry research agenda by looking beyond initial entry strategies (Brouthers, 2013; Gao and Pan, 2010; Hennart and Slangen, 2015; Shaver, 2013; Surdu and Mellahi, 2016). Following recommendations to examine complex strategic choices through multi-theoretic approaches (Gaur, Kumar and Singh, 2014; Meyer et al., 2009), we integrate the organisational learning perspective with the institutional change literature to provide a more comprehensive understanding of re-entry. Both learning and institutional change interact to influence the MNE's re-entry strategy. Consequently, in providing a comprehensive picture of re-entry it is necessary to integrate the effect of learning about foreign markets with that of the institutional conditions in those markets. In doing so, we argue that contingencies arising from changes in the institutional environment have the potential to influence the organisational learning considerations for re-entry strategies. More specifically, we examine how re-entrants choose among three re-entry strategies: (1) to increase commitment, (2) to decrease commitment and (3) to re-enter via the same mode in which they were operating prior to exiting. Notably, the degree of resource commitment in a foreign market is considered important because it affects not only the strategic options of the firm and its ability to adapt successfully to local markets (Chan and Makino, 2007; Xia, Boal and Delios, 2009), but also the ease with which such markets can be exited (Song, 2014). Higher resource commitment modes such as wholly owned subsidiaries are associated with enhanced market presence, and more control over an MNE's operations (Vermeulen and Barkema, 2001), but they may also constitute a source of considerable loss of financial resources on exit (Belderbos and Zou, 2009).

We test our hypotheses on a unique and comprehensive dataset of foreign market re-entry events compiled by the authors from a detailed examination of archival data. The observation period starts in 1980 and ends in 2016 and includes a total of 1,020 re-entry events, that is all re-entry events that have been identified in the source databases and are in line with the scope of the study.

This study makes three contributions. First, we advance the learning perspective (Cyert and March, 1963; Levitt and March, 1988) by providing a finer grained analysis of the relationship between learning from prior experience and re-entry commitment strategies. A fine-grained analysis of experience enables us to understand what lessons MNEs may learn from different types of experiences (Argote and Miron-Spektor, 2011) and their consequences for subsequent strategic behaviour. Firm strategies are not always restricted to uninterrupted operations in the host market, where the well documented reinforcing cycle of experience-based learning leads to higher commitment, which subsequently results in more learning. This cycle is broken by temporary exit from the foreign market (Welch and Welch, 2009) which may lead to a different learning process for the MNE. Our primary hypotheses suggest that learning from positive experiences accumulated during the initial entry does not have a significant effect on re-entry commitment, whereas learning from market exit due to failure, strongly increases the preference for commitment changes.

Second, our study incorporates institutional dynamism (Kostova, Roth and Dacin, 2008) to explain re-entry. We propose that changes in host institutions mean that a mode of operation that was previously legitimate in the host market may no longer be the most effective way in which to operate on re-entry, leading to commitment changes to substitute for either missing effective institutions or to take advantage of more favourable institutions. In this context, re-entrants' experience of the practices that were previously valuable in the host market may no longer be applicable at re-entry.

Third, by developing this dataset of foreign market re-entry events, we shed light on a re-occurring business phenomenon that has been noted in prior studies (Javalgi, Deligonul, Dixit and Cavusgil, 2011; Welch and Welch, 2009) but not analysed empirically. Previous studies (e.g., Bonaccorsi, 1992) have treated re-entrants as new entrants, because they have not identified this sub-category in their secondary databases. To the best of our knowledge, this is the first study that systematically analyses the determinants of foreign market re-entry strategies.

OVERVIEW OF THE FOREIGN MARKET ENTRY AND RE-ENTRY LITERATURE

Foreign market entry (*de novo* entry) is one of the most studied subjects in the international business literature (Surdu and Mellahi, 2016). As firms intensified their commitment to international markets, there was an increased scholarly focus on identifying the most efficient foreign market entry modes available to MNEs. Initially, scholars sought to explain how firms may reduce uncertainties associated with foreign market activities by opting to engage in high commitment modes of operation such as foreign direct investment (Anderson and Gatignon, 1986). Later, over the years, evidence accumulated to suggest that prior international knowledge and experience motivated firms to engage in foreign market entry by reducing the transaction costs associated with initial market entry uncertainty (notably, Hitt, Hoskisson and Kim, 1997; Madhok, 1997).

The idea that entry related decisions are contingent on the firm's reservoir of resources and capabilities became well established. Amongst notable contributions, Hitt et al (2000) and later Meyer et al. (2009) found that the capabilities firms sought to leverage, the need to access complementary resources and learn from local partners, drove MNEs to engage in international joint ventures. This marks a move in the entry literature from a focus on exploitation of resources and capabilities to exploration of new intangible resources such as knowledge gained through experience.

Scholars also began to accentuate the complementarity of theories and different research lines by developing multi-theoretic frameworks explaining foreign market entry strategies (Gaur, Kumar and Singh, 2014; Meyer et al., 2009). Multi-theoretic studies engaging with a finer grained analysis of foreign market entry also recognised that when and how firms initially enter foreign markets is not only different because of firm-specific factors, but also because of institutional-level factors (e.g. Brouthers, 2013; Demirbag, Glaister and Tatoglu, 2007; De Villa et al., 2015). This research suggested that an MNE's host institutional environment is a key determinant of commitment choices, since host institutions both regulate the business environment of firms as well as affect

investors' perception of risks and rewards. Consequently, MNEs are also expected to seek to align their entry strategies with the host country's institutional context at the time of entry.

Several scholars have investigated decisions beyond initial entry and have advocated that, experience of operating in foreign markets plays a key role in the internationalisation process, because understanding how to operate effectively in a host market gives the firm the confidence necessary to increase its commitment to that market over time (Casillas and Moreno-Menendez, 2014; Casillas et al., 2015; Delios and Henisz, 2003; Sapienza, Autio, George and Zahra, 2006; Zeng et al., 2013). This reflects the assumption that a firm's knowledge base increases with its international experience (Johanson and Vahlne, 1977) and, as firms learn to operate across different modes over time they are expected to intensify their mode of operation and make higher commitment foreign entries to take control of their operations and reap higher rewards. Non-equity ventures become stepping stones on the way to engaging in direct investment, such as joint or wholly owned ventures, in that on initial entry, firms may choose lower commitment modes to obtain knowledge about interacting with host institutional actors, such as governments, suppliers and customers. Building on this prior experience, firms tend to increase commitment and, in time, operate independently in the foreign market. In turn, lack of resources, such as knowledge gained through experience, may result in premature termination of operations in a foreign market (Benito, 2005; Mellahi, 2003) which is the most extreme reduction of commitment to a foreign market (Benito, 2005; Benito and Welch, 1997).

Foreign market re-entry

Relatively few studies have examined initial entry, exit and re-entry. Foreign market re-entry has been characterised by a process of initial market entry, whereby the firm accumulates some knowledge and experience through operating in the host market, and a period of time-out, where changes may have occurred particularly in the external, institutional environment of the firm (Welch and Welch, 2009, p. 568). Welch and Welch's (2009) paper calls for research on re-entry or 're-internationalisation' by stating that, amongst firms which have exited foreign markets, some re-enter after a period of time-out. Their study proposes that the international heritage of re-entrants, consisting of their experience of having previously operated in the host market, prior networks and business relationships,

distinguishes them from *de novo* entrants. Although Welch and Welch (2009) point towards some key theoretical elements concerning the re-entry phenomenon, there is little appreciation as to how they influence re-entry strategies. In turn, the institutional and contextual changes that may have taken place during the time-out period as well as the effects of the market exit process on re-entry, remain undertheorised. Compared to Welch and Welch's (2009) study, Javalgi et al. (2011) provide some limited empirical evidence of re-entrants by listing thirty examples of companies that have exited and re-entered foreign markets between the 1920s and 2005, in some cases also capturing their re-entry commitment strategies. Vissak and Francioni (2013) followed with a case study analysis of the multiple exits and re-entries of MVM, an Italian medium size construction firm. The authors emphasise that a firm's international expansion process is not necessarily linear as some firms continuously exit and re-enter foreign markets. Although these three studies engage, to some degree, with concepts such as experience, knowledge and learning, they do not provide the theoretical lense(s) from which we can draw in order to examine re-entry phenomena. Further, these studies tend to assume that an increase in mode commitment is likely to be the most plausible option for re-entrants. An exception being Bernini, Du and Love (2016) who examined cases of exit and re-entry and found some evidence of path dependent behaviour. However, their dataset consisted only of exporters.

Should we assume that firms, which have exited a foreign market, would simply re-enter by increasing commitment to that market irrespective of their exit motives or changes in their host environment? Or should we assume path dependent behaviour, whereby the mode of re-entry is always the same as the mode of operation prior to exit? With re-entrants, there is no guarantee that the operational mode the firm had prior to exit remains the best mode in which to re-enter that market. Nor can it be assumed that firms will simply increase their commitment mode upon re-entry. This study includes market re-entry through foreign direct investment (equity joint ventures, greenfield investments and acquisitions), as well as through contractual modes such as exporting, licensing, franchising and non-equity alliances. We argue that, after exiting a foreign market, a potential re-entrant, faces some basic decisions. One, whether or not to change its commitment compared to the previous operation mode. Second, where a change in commitment is considered preferable, whether to increase commitment, such as, re-entering via a joint venture or a wholly owned subsidiary after

previously exporting or franchising, or else to decrease commitment, i.e. when firms choose to re-enter via a lower equity mode that involves less resource investment, such as, changing from a joint venture or wholly owned subsidiary to re-entering via exports or a franchise partner. This study therefore focuses on the different types of commitment strategies of re-entrants (see *Figure I*).

--- Insert Figure I about here ---

THEORETICAL DEVELOPMENT AND HYPOTHESES

Effect of prior experience on re-entry commitment: Host market-specific knowledge

We argue that knowledge from prior experience accumulated over time does not always inform subsequent re-entry decisions as previously presumed in the entry literature. Rather than an uninterrupted sequence of events as may be the case with initial entries, each re-entry commitment decision is a discrete endogenous choice that is neither an initial entry nor a simple increase in commitment from the previous mode of operation (Welch and Welch, 2009). This makes drawing from past experiences less significant. Also, not all experiences are good 'teachers', particularly when past experiences are difficult to interpret by the firm (March, 2010), in which case they are expected to have 'little or even a negative effect on learning outcomes' (Argote and Miron-Spektor, 2011, p. 1127). Organisations tend to move on from exit and focus on new opportunities making the retrieval of learning from past experience difficult. Also, the existence of time-out may cast doubt on the usefulness of prior experiences and their applicability to re-entry strategy decisions. This is because past knowledge from the prior experience may dissipate during the time-out period, as generally only very recent knowledge and experiences tend to be successfully retrieved (Levitt and March, 1988; Kok, Faems and Faria, 2018). It is well documented in the learning literature that prior experience has a reduced impact where there are lapses in organisational decision-making (Feldman and Pentland, 2003; Levitt and March, 1988; Kok, Faems and Faria, 2018), such as those between exit and re-entry. These ideas also align with March's (1991) notion of explorative learning, whereby the firm steps outside its current knowledge base, norms and routines and acquires capabilities that can potentially differ significantly from existing insights. Hedberg (1981, p. 3) also stressed that '[k]nowledge grows,

and simultaneously it becomes obsolete as reality changes'. Over time organisations learn new knowledge and discard obsolete knowledge from decision making, even if it is not disregarded from organisational memory (Hedberg, 1981; Kok, Faems and Faria, 2018). Disregarding prior knowledge and experiences can involve a process of reprioritising what is known by organisations to allow for the addition of novel and more relevant knowledge to be drawn from (de Holan and Philips, 2004; Cegarra-Navarro and Moya, 2005).

Re-entrants may have exited the market for reasons specific to their activities in the host market at that time of exit and re-entered when new opportunities arose. Volkswagen's re-entry into Nigeria in 2015 occurred twenty-five years after the German automaker exited due to unsatisfactory market performance and the collapse of its venture with the local government. Re-entry, in the form of an assembly plant with promises of local production, occurred on the back of growing demand for foreign cars, improving quality standards in the automotive sector and the availability of professional partners. Past experiences may not always be a good predictor of performance of future initiatives, particularly if the experience is no longer in line with the current circumstances (Tsang and Zahra, 2008). Hence, we advocate that it is erroneous to attribute the re-entry strategy to the firm's prior knowledge accumulated through past experience in the host market. Based on the above discussion, we question the well-established notion that experiences and learning from them are the main driver of a firm's behaviour during re-entry (Gong, Zhang and Xia, 2017; Zeng, Shenkar, Lee and Song, 2013). Hence, we propose the following relationship between prior experience and re-entry commitment:

Hypothesis 1*: Ceteris paribus, host market-specific experience accumulated during the initial market endeavour will not influence changes (Increase or Decrease) in re-entry commitment.*

Effect of prior experience on re-entry commitment: Motives for exit

It is not just the experience that re-entrants have accumulated over the initial entry that should be considered when studying re-entry strategies, but it is also the experience associated with the market exit event that may influence how re-entry is interpreted. Organisations learn differently from rare

events such as market exit (Lampel, Shamsie and Shapira, 2009). Such learning depends on whether the event was perceived as a failure or a success such that organisations learn more effectively from failures than successes (Madsen and Desai, 2010). Gong, Zhang and Xia (2017) found that whilst successful experiences led firms to pay premium prices for acquisitions, failed experiences led to a re-evaluation of previously held assumptions and increased search efforts for new potential targets (see also Zeng et al., 2013). The distinctive feature of re-entry is that it is preceded by market exit (Benito, 1997a, 1997b; Benito and Welch, 1997). Unsatisfactory performance stemming from an increase in operation costs, an inability to differentiate from competitors (Benito and Welch, 1997; Benito, 2005), inappropriate choice of market segment(s) leading to insufficient demand for the product or service (Javalgi et al., 2011), lack of communication with local market partners (Lu and Hébert, 2005) and a misfit of product to the market resulting from lack of local adaptation and misunderstanding of consumer needs (Nummela, Saarenketo and Sloane, 2016) represent the most basic motives for market exit.

Exit due to unsatisfactory performance may mean that the firm had insufficient resources and capabilities to implement its strategy effectively in the host market. Hence, firms would look for an alternative way of operating when they re-enter the market. Some firms may take a cautious approach when they re-enter and lower their commitment to reduce risk. Italy's Sixty Group associated their exit from India with poor local adaptation strategies; at re-entry, the retailer chose to lower commitment and operate through a franchise partnership. Alternatively, others may choose to gain more control over foreign operations since high resource commitment is often translated into having a strong market foothold and learning more about relevant stakeholders, such as, local customers, suppliers and local institutions (Vermeulen and Barkema, 2001). U.S. chain Taco Bell was unsuccessful when first entering Mexico through a franchise arrangement in the early 1990s, due to the lack of familiarity of customers with foreign chains which were struggling to compete with local restaurants. In 2016, the company re-entered (this time with their own restaurants) aiming to differentiate their offering from that of local market players on the back of increased consumption of U.S. brands and products. Gas Jeans (Italy) also emphasised the importance of directly managing operations and employees, a lesson learned from previously operating in India, where their partner

failed to anticipate customer trends and invest in expanding their operations there. Since re-entry commitment strategies may seek to avoid and even correct previous mistakes, we propose that firms which have experienced unsatisfactory performance prior to exit, can be expected to alter their re-entry commitment. Specifically:

Hypothesis 2: *Exit due to unsatisfactory performance will increase the likelihood of commitment changes (Increase or Decrease) over re-entering via the same mode.*

In line with previous work (e.g. Benito, 2005; Tan and Sousa, 2017; Mellahi, 2003; Sousa and Tan, 2015), we recognise that firms exit for reasons other than failure to perform, rather, some exits can be characterised as strategic. Strategic exits occur generally when firms undergo organisational restructuring of their international operations and actively choose to re-allocate their resources to other markets or re-focus on growth in the home market. General shifts in strategy can also play an important role in market exit as managers may not be able to deal with international expansion decisions whilst simultaneously re-focusing operations in the home market/region (Cairns, Doherty, Alexander and Quinn, 2008). Whirlpool's (US) exit from Australia was mostly attributed to a series of ownership and organisational changes that saw the company leave in 1982, as the new management team were uninterested in renewing the license to sell the brand in the market, despite it being successful. The acquisition of the whitegoods division of Philips Industries in the late 1980s, delayed the move back into Australia given the challenges and costs associated with integrating the two companies. A decade later, the new CEO argued that given the past success of the Whirlpool brand, the company would benefit from re-entering the Australian market. Another relevant example is that of Cigna Corp. (U.S.); the company operated in Thailand for 64 years before selling its international property businesses to Ace Ltd. in 1999, as part of a restructuring move to free up cash reserves. In 2006, the company re-entered Thailand by acquiring a stake in Thai Charoen Insurance Plc, to resume full operations in the market. These examples illustrate that strategic exit behaviour tends to be deliberate and not necessarily related to performance prior to exit.

Learning from rare events often takes place after the event and is contingent on the nature of the event (Christianson, Farkas, Sutcliffe and Weick, 2009). Given the strategic motive for exit, firms may not conduct an after-event review of the exit and that would be drawn up during re-entry. Therefore, strategic exit may not influence re-entry commitment strategy. Also, while market exit due to restructuring may have significant repercussions for the firm itself (Benito, 2005), strategic exit does not leave a stigma that influences managers' perceptions of that specific market (Nummela et al., 2016) that pushes for a change in the level of commitment. Hence, we propose that strategic exit will not have an observable effect on re-entry strategies.

Hypothesis 3: *Strategic exit will not influence changes (Increase or Decrease) in re-entry commitment.*

Effect of host institutional change on re-entry commitment

Institutions are not always stable over time (Peng, 2003; Xia et al., 2009) and firms co-evolve with them to be successful (Cantwell, Dunning and Lundan, 2010). For re-entrants, this means that, the institutional context experienced prior to exit may no longer be relevant and, in order to successfully re-enter foreign markets, firms need to adjust their strategies to a new institutional context. Specifically, when an institutional change takes place during the time-out period, firms need to re-assess the relevance of their previous commitment strategy when considering re-entering the market (Zeng et al., 2013). This is because changes in the rules and policies of the host institutional environment during the time-out period can lead to previously chosen operation modes no longer being compatible with the new pressures for legitimacy (Banalieva, Eddleston and Zellweger, 2015; Hernandez and Nieto, 2015; Xia et al., 2009). Consequently, to survive host market competition, re-entrants can be expected to alter some of their organisational practices and structures, including their commitment mode decisions to align them with the new institutional environment. Meyer and Nguyen (2005) and later De Villa et al. (2015) reported that firms were influenced by institutional pressures for legitimacy arising mainly from institutional actors such as host country governments. As national governmental policies are not static, MNEs are expected to learn about the political trajectories of

countries to make informed mode of operation choices (De Villa et al., 2015). Our data suggest that changes in the institutional environment were predominantly in the direction of improvement. Scholars have previously discussed that a key characteristic of institutional change in for instance, transition economies is the shift from centrally planned to market-based economies, which are paralleled by a preference for privatisation and openness to foreign investment (Peng, 2003). This shift is also characterised by a move from MNEs adopting collaboration modes of operation to higher commitment modes, generally wholly owned subsidiaries (e.g., De Villa et al., 2015; Peng, 2003; Xia et al., 2009). Re-entrants may adapt their re-entry commitment strategies in order to explore the opportunities associated with host institutional conditions which may be different from how they were at the time of exit. We argue that favourable changes in host institutions reduce uncertainty (Chung and Beamish, 2005), thus also reducing the likelihood of decreasing commitment. Thus, we propose:

Hypothesis 4*: When favourable host institutional changes occur during time-out, re-entrants are more (less) likely to Increase (Decrease) commitment over re-entering via the same mode.*

Joint effects of experience and institutional change

Experience acquired over time may become more influential in decision making when firms are faced with external stimuli to change. In a study of drivers of knowledge acquisition in the context of radical change unfolding in early 1990s Hungary, Lyles and Salk (1996) highlighted that changes in host institutional environments can have a massive impact on the process of organisational learning (see also Meyer, 2007). Specifically, changes in the institutions of host markets present a particularly great opportunity to conceptualise how firms may have to abandon knowledge that is associated with for instance, former socialist systems in order to (re)gain legitimacy in market-based economies (Meyer, 2007; Newman, 2000). Learning and unlearning can happen at the same time, in that re-entrants may acquire new knowledge about the new environment and relinquish behaviour that no longer applies. Given that firms tend to choose commitment strategies that align with their prior experience resources (Brouthers et al., 2008), changes in host institutions occurring in the time-out

period between exit and re-entry may have a moderating effect on the successful utilisation of prior knowledge acquired through experience in the re-entered market.

Typically, when exposed to changes in their host institutional environments, firms with long experience in a given host market may rely more heavily on their prior knowledge acquired through experience, and therefore, they may be less likely to change themselves (Barkema and Vermeulen, 1998; Chan, Makino and Isobe, 2006; Guillén, 2003; Xia et al., 2009). This is because, when confronted with changes in the external (institutional) context of that host market, a firm with significant knowledge and experience is triggered into becoming more confident in the lessons learned through experience accumulated over time (Amburgey, Kelly and Barnett, 1993). This confidence, in turn, may be associated with an ability to exploit prior experience in order to gain or regain regulatory and normative legitimacy in the new host institutional context (Brouthers et al., 2008; Oliver, 1997). Whilst this confidence helps the firm to focus on effectively utilising its internal intangible resources such as experience, it may, at the same time, restrict firm willingness to adapt to change (Oliver, 1997). In the case of more experienced re-entrants, these firms may prefer to utilise the same strategies and structures that were in place prior to exit, even when this may lead to less effective results. Hence, more experience may translate into re-entrants being less responsive and less sensitive to institutional changes and perhaps less aware of the need to overcome new legitimacy pressures. In contrast, the lower the level of experience, the less confident re-entrants may be and, as such, they can be expected to become more in tune with changes in host institutions (Xia et al., 2009) by adapting to the new environment through either increasing or decreasing commitment. We propose that host institutional change influences the nature of the relationship between prior experience and re-entry commitment. Specifically, we argue that:

Hypothesis 5*: When host institutional environments change favourably, the more experience re-entrants have, the less likely they are to change (Increase or Decrease) commitment over re-entering via the same mode.*

--- Insert Figure II about here ---

METHOD

Sample and data collection

There are no available databases from which to draw data concerning foreign market re-entry. Welch and Welch (2009) found that previous studies (e.g., Bonaccorsi, 1992) have treated re-entrants as new internationalisers, because they have not identified this sub-category in their secondary databases. Unless researchers pose the question specifically in their questionnaires, there is no way of knowing whether a firm's entry into a foreign country follows a previous decision to exit and whether firms behave differently in terms of resource commitment compared to initial entry. Accordingly, this study's data come principally from business information and research databases, namely Factiva (Dow Jones) and LexisNexis (Reed Elsevier), which list information on notable strategic decisions and market transactions of private and public companies and aggregate content from over 600 licensed and continuously updated data sources such as, but not limited to, *Wall Street Journal, Reuters, The New York Times, Huffington Post* and *Nikkei*. These data sources have been used in the past to examine the international business strategies of MNEs (notably, Li, Eden, Hitt and Ireland, 2008). Data searches in Factiva and LexisNexis can be conducted by region, subject, industry, time frame and company metadata.

The basic selection criteria were that a firm entered a foreign market, exited and then re-entered the same host market following a time-out period[i]. For this, we used Welch and Welch's (2009, p. 568) definition of re-entry as 'a process involving a period of international business activity, then exit from international operations, followed by a time-out period of some duration, then a process of international re-entry, concluding with successfully renewed international operations'. The list of keywords we used consisted of references to a firm re-entering a foreign market after exit - with no exclusions based on home country, host country, time of exit, time of re-entry or industry - namely, 're-entry'/ 're-enter' / 'return to' / 'back in' / 're-internat*' AND 'market'. Following these searches, a total of over 200,000 business news articles were accessed and downloaded in pdf format. Second, each article was scanned to eliminate duplicates and identify the events which were in line with the

basic selection criteria of initial entry - exit - re-entry. A total of 2,810 articles corresponding to 1,377 re-entry events were identified and read carefully to ensure the data collected measures re-entry.

It should be noted that although the definition of re-entry provided by Welch and Welch (2009) is fairly straightforward, in practice, re-entry may pose a number of problems which should be clarified in order to enable replication of this study. (1) Since the news announcement to re-enter was not considered sufficient, further searches in the databases were undertaken to confirm that a given firm had, in fact, re-entered a previously exited foreign market and to attain more data regarding the characteristics of the re-entry event. Consequently, 50 events where data concerning re-entry was speculative, were excluded. (2) Firms may close their foreign subsidiaries or assembly plants but continue to maintain a limited form of international involvement in the host market by, for instance, exporting products there. In maintaining that the reasons for reducing and subsequently enhancing international operations should be studied separately (Javalgi et al., 2011), only cases of total market exit were included, which resulted in the elimination of some further 22 events. (3) Re-entry concerns companies that have exited foreign operations whilst maintaining a domestic presence. Although entrepreneurs - who may sell a company and re-enter with a different firm – are an interesting group of re-entrants, their examination is beyond the scope of this study and therefore, articles associated with another 17 re-entry events were eliminated. (4) The sample does not include firms which exited one foreign market and subsequently entered a different market. This activity is analytically different from the phenomenon of this study and its inclusion would not permit a comparison of changes in host institutional environments between exit and re-entry. Hence, 15 events were eliminated. (5) Project operations are considered a dominant mode of expansion for some firms (e.g., construction sector) which regularly exit and re-enter foreign markets because these processes are an inherent part of their business model (Vissak and Francioni, 2013); another 20 re-entry events have been excluded from the database because they invovled project-based businesses. (6) Further, 218 events which referred to exit from an industry sector in the domestic market, followed by re-entry into that sector, were also eliminated. (7) Finally, given that the time-out period between exit and subsequent re-entry varies between one year and 25 years, we eliminated from our sample re-entrants which have not been out of the market for a minimum period of one year to avoid cases of partial exit. This led to 15 events

being eliminated. To the best of our knowledge, this database represents the most authoritative and up-to-date information on foreign market re-entrants and re-entry.

The observation period starts in 1980 and ends in 2016 and includes a total of 1,020 events, that is, all foreign market re-entry events which were identified in the source databases and are in line with the scope of the study. This study uses the standard 5% and 95% cut-off point to capture alternative commitment structures. A venture is defined as a JV when foreign equity commitment ranges from 5% to 95%[ii], while a venture with over 95% foreign ownership is considered WOS (c.f. Yiu and Makino, 2002). Based on the distribution of broad categories of operation modes prior to exit and upon re-entry, firms tend to return via the same modes in which they were operating prior to exit (69%, 670 out of 976 re-entries). Almost 80% of re-entry events have occurred since 2000, of which over 45% re-entered between 2011 and 2016. The average age of the re-entrant is 78 years, meaning that most of these re-entrants tend to be established and well-known MNE re-entrants which spend, on average, 9 years out of the market between exit and re-entry. The distribution of the dataset in terms of the broad sector of operation is as follows: manufacturing, 42%, and services, 58%, with the main industries being automotive (209, 21%), financial sector (171, 17%) and retail (113, 11%).

The characteristics of the sample vis-à-vis key dimensions of the data are shown in Table I.

--- Insert Table I about here ---

Variables and measures

Dependent Variable

Similar to other studies (Benito, Pedersen and Petersen, 1999; Chang and Rosenzweig, 2001), commitment is associated with the degree of equity owned in the host market. We measured the level of commitment in which the firm was operating in the market prior to exiting and at re-entry. In binomial logit model (1), the dependent variable represents the difference (if any) in the firm's mode of (operation) commitment in the host market prior to exit and the mode of re-entry. Hence, the variable takes the value of '0' if re-entrants use the same commitment modes in which they were operating prior to exit and '1' if the commitment mode is different at re-entry. In binomial logit models

(2) and (3), the dependent variables are Commitment Increase and Decrease respectively, where the variable takes the value of '0' if there are no changes in commitment and '1' if firms increase (decrease) commitment. The level of resource commitment is lowest in the case of entry modes such as exports and greatest in the case of wholly owned entries. Separate regression models are therefore estimated to ensure that 'increase' does not include firms that were previously operating via wholly owned modes (and thus, can only decrease commitment or re-enter via the same modes) and 'decrease' does not include firms that were previously exporting to the market (which in turn, can either increase commitment or re-enter via the same commitment). This approach enabled us to evaluate whether re-entrants who change their commitment upon re-entry are more or less committed to the market, and to examine the drivers of re-entrants' commitment increase and decrease choices[iii].

Independent Variables

Host market-specific experience (HOST_EXP) represents the number of years the firm operated in the specific host market between initial entry and market exit. Data on the year of exit was generally accessible in the main document reporting the decision to re-enter. Further searches through Factiva and Lexis Nexis were required to collect information on the year of initial entry into the host market.

We used Factiva and LexisNexis to identify why re-entrants had exited the market and used previous classifications of exit motivations (e.g., Benito and Welch, 1997; Clark and Wrigley, 1977; Benito, 2005; Mellahi, 2003) to codify the data collected into dichotomous variables reflecting the motives for exit. Previous classifications of market exit tend to agree that exit can be seen as (1) voluntary, i.e. brought about by the company itself and (2) externally imposed, e.g. adverse governmental action. Within the category of (1) voluntary exits, scholars distinguish between *exit due to unsatisfactory performance* associated with the host market specifically and *strategic exit*, which is part of a broader decision to restructure the business, often irrespective of the market performance of the firm. We identified three main causes for strategic exit in our sample: (i) changes in management leading to new management no longer interested in pursuing expansion into the host market; (ii) re-allocation of resources to other markets (generally the home market) due to attempts to make the organisation more efficient; and (iii) reduction in international diversification to increase product

diversification. We further distinguished in our dataset between two main and inter-related motives associated with exit due to unsatisfactory market performance: (i) increased competition in the market leading to loss in market share and (ii) misunderstanding customer tastes which tended to lead to overestimating demand for the firm's products. These are often mentioned in conjunction since misunderstanding of customer tastes may lead to unsatisfactory market performance whereas local competitors have more locally adapted products and services. Exit due to unsatisfactory mode performance emerged from our dataset as a third category of voluntary exit motivation which refers to exit attributed mainly to having chosen an ineffective mode of operation during initial entry (i.e., exit attributed to disagreement with joint venture partners, not sufficient control over operations in the market, inability to operate without a partner or underperforming distributor). We therefore created four dummy variables for the exit motivations: unsatisfactory market performance (EXIT-Unsatisfactory_Market_Performance), exit due to unsatisfactory performance with prior operation mode (EXIT-Unsatisfactory_Mode_Performance), strategic exit (EXIT-Strategic)[1] and externally imposed exit (EXIT-External).

Data on *host institutional change* (INST_CHG) was collected from the Economic Freedom of the World Index (EFW) published by the Fraser Institute in which the data goes back to 1970 and is available for approximatively 100 nations and territories. The EFW index derives an overall institutional score for each country for each year whilst considering the following factors: 1) size of government, comprising of taxes and expenditures; 2) legal structure and security of property rights; 3) access to sound money; 4) freedom to trade internationally; and 5) regulation of credit, labour and business. Countries with higher levels of economic freedom are expected to have greater market efficiency and higher rates of growth. Scholars (notably, Meyer et al., 2009) tend to use the composite indexes aggregated from the five components due to the high degree of multicollinearity between components. We recognise that institutional measures have received some criticism primarily for how components should be aggregated and whether the same weighting should be given to all factors.

[1]The regression model automatically compares each of these factors with externally imposed exit (as they are mutually exclusive, and thus highly correlated). For robustness checks we have added each exit motivation to the model separately and this did not change the effect of the relationships between exit and re-entry commitment strategies.

Gwartney and Lawson (2003) clarified this point, where they emphasise that when the components of the index are highly correlated (ranging from 0.59 to 0.93) the ratings and rankings of institutional development are, in fact, not sensitive to variations in the weights assigned to the components. In this study, institutional change is measured at *t-1* of exit and *t-1* of re-entry; i.e. INST_CHG = (*t-1*) re-entry – (*t-1*) exit. We focus on the *direction* of institutional change (Hernandez and Nieto, 2015) whereby INST_CHG is transformed into a dichotomous variable which takes the value of '0' if INST_CHG is negative (i.e. unfavourable) or non-existent and '1' if institutional change is positive (i.e. favourable).

Control Variables

Firm size (SIZE), has been associated with firms possessing more resources to commit to foreign markets; we measure firm size as the value of total assets, with a logarithm transformation at the time of (*t-1*) re-entry (Gao and Pan, 2010). Since older firms are more likely to show signs of inertia that may prevent them from changing their operation mode patterns (Guillén, 2002), *firm age* (AGE) was computed as the number of years from when the firm had been founded up to one year prior to re-entry. Some scholars (e.g., Hutzschenreuter et al., 2007) suggest that management can alter the direction of an MNE's international path or re-shape it altogether, thus MGMT-CHG measures whether the CEO has changed up to three years prior to re-entry. MNEs which have maintained close ties with host markets by operating there via other businesses may be more confident with their host market operations and perhaps more likely to increase commitment. Hence, we documented *whether a firm has been present in the host market through a different division in the same/different sector* (ALREADY_PRESENT) at the time of re-entry. Since organisational forgetfulness (Rumelt, 1995) reduces the effectiveness of prior experience, we also control for the duration of the *time-out* period (TIME-OUT), i.e. the number of years between exit and re-entry.

Following previous studies (e.g., Brouthers et al., 2008; see also Clarke, Tamaschke and Liesch, 2013), we control for broader measures of prior experience possessed by firms at one year prior to re-entry, i.e. *general experience intensity* (GEN_EXP_INT, the number of years of international experience since inception), *host experience intensity* (HOST_EXP_INT, number of

years of experience in the host region), *general experience diversity* (GEN_EXP_DIV, number of foreign countries operated in) and *host experience diversity* (HOST_EXP_DIV, number of foreign countries operated in from the host region). Factor analysis confirmed that the two measures of *experience intensity* (EXP_INT) loaded on one single factor (Cronbach's alpha =.86). We controlled for the mode in which the MNE was operating in the market prior to exiting since modes which involve a higher level of resource investment and commitment are riskier and have less strategic flexibility compared to non-equity operation modes (Belderbos and Zou, 2009; Chan and Makino, 2007) which may, in turn, influence *re-entry* commitment. Prior commitment mode was classified into four variables: exports (EXPORT; 0;1), non-equity collaborations (licensing, franchising and non-equity alliances) (NON_EQUITY; 0;1), joint ventures (JV; 0;1) and wholly owned subsidiaries (WOS; 0;1). Each variable representing a mode of operation prior to exit was selected in turn as the reference variable in the binomial regression models in order to compare which mode of commitment is more likely to be associated with commitment increase, decrease, or no changes.

A dummy variable (DEVELOPED) was assigned to control for variation in commitment choices that might result from the re-entrants being a developed ('1') or emerging market firm ('0').[iv] Regionalisation effects (REG; 0,1) were controlled for to determine whether, as previously documented with *de novo* entrants (Chang and Rosenzweig, 2001), re-entrants also tend to return to countries within their home region via higher commitment modes. We looked for regionalisation patterns between countries within the European Union, North America, Latin America, APAC, and Africa. Changing economic factors in the host market have also been associated with increased market commitment (Benito, 1997a; Javalgi et al., 2011). We measure changes in the size of the market (MARKET_CHG) as changes in GDP per capita at *t-1* of re-entry compared to *t-1* of exit, i.e. MARKET_CHG = (*t-1*) re-entry – (*t-1*) exit. MARKET_CHG takes the value of '0' if the coefficient is negative (i.e. decrease in market size) and '1' if the direction of change is positive (i.e. increase in market size). Three industry dummies are added for automotive (AUTO), retail (RETAIL) and financial services (FINANCIAL) sectors, as around 50 per cent of re-entrants operate in these sectors.

The means, standard deviations and pairwise correlations for all the variables are reported in Table II. The values for the variance inflation factors (VIFs) were also calculated. The VIFs range between 1.02 and 3.43, suggesting no serious problems of multicollinearity for the analysis.

--- Insert Table II about here ---

Model specification

The re-entry commitment decision between not changing commitment and the alternatives of commitment increase or decrease is modelled as a qualitative choice problem using a series of binomial logistic regression models. This statistical method was applied due to the characteristics of the dependent variable, which is a categorical variable with alternative outcomes (change in commitment versus no change in commitment; and then increase versus no change in commitment; decrease versus no change in commitment); and the mix of both continuous and categorical predictor variables which affect the odds of choosing one alternative commitment over another.

RESULTS

Empirical results are presented in Tables III, IV and V. The estimated coefficients signify that for a unit change in the predictor variables, the logit of an outcome relative to the reference group is expected to change by its respective parameter estimate (in log-odds units). For instance, in Table III, a negative (positive) coefficient signifies less (more) likelihood of changes in commitment over no change in commitment. Each of the six models (Model 1-6) presented in the tables estimate the relationship between the independent variables and changes in commitment (Increase/Decrease) by using no changes in commitment as the base outcome. In all tables, Model 1 includes the control variables. Models 2-4 add the hypothesised variables (host market-specific experience, exit motives and host institutional change). Model 5 adds the interaction effects (host market-specific experience x host institutional change). Model 6 incorporates all hypothesised relationships and control variables. Model 3 generally provides a better fit with significantly higher Chi-square statistics, indicating that the model with motives for exit should be included in an analysis of re-entry commitment.

Results indicate that the coefficients associated with HOST_EXP in Model 2 (Tables III-V) are non-significant to measure changes in commitment. Given this non-significant result, we conducted further analysis to determine whether our model has sufficient power (Cohen, 1988; 1992) to accept the predictions of Hypotheses 1, on the basis of (i) the sample size used; (ii) population effect size; and (iii) the significance criterion used. GLM (General Linear Model) allowed us to measure the *post-hoc* or *observed* power of the model[v]. Our results indicate that, with an alpha computed at 0.5 and an N of 937 events the model has 8.5% (15%) power to predict commitment increase(decrease) at a significance level of 59%(35%), (Appendix 1). We conclude that a population effect of '0' cannot be ruled out and that the relationships between HOST_EXP and commitment strategies are trivial. *Observed* power is more relevant when the effect size is large but the result is non-significant (O'Keefe, 2010), meaning that the sample size is too small to detect a significant effect. In the case of HOST_EXP, the effect size is small (generally between .001 and .006), with a significance level of around 0.700-0.900. For these reasons, we conclude that all we can legitimately say is that we failed to reject the null hypothesis. Our interpretation stands, in that, for re-entrants the length of experience alone is not a key determinant of re-entry commitment strategies.

In turn, the effect of learning from the exit experience is highly significant. We proposed that exit due to unsatisfactory performance will increase the likelihood of changes in commitment strategies upon re-entry. Both variables measuring unsatisfactory exit show highly significant coefficients, meaning that exit motives are important in our overall understanding of whether or not firms change commitment on re-entry (2%-level effect for exit due to unsatisfactory market performance and 0.1%-level effect for exit due to unsatisfactory performance with prior operation mode, see Model 3 in Table III). When analysing the determinants of types of change specifically, the results are mixed. As predicted in Hypothesis 2, when exit was due to unsatisfactory mode performance, the expected change in log-odds is 1.131 for commitment increase, for which we find a 0.1%-level effect (Model 3, Table IV). This means that re-entrants have larger probabilities to increase commitment when exit was due to unsatisfactory mode performance and in doing so, to gain more control over their operations the second time around. In turn, the log-odds of increasing commitment are -1.245 when exit was attributed to unsatisfactory host market performance (also with

a 0.1%-level effect). Our explanation for this result is that, in some cases, market exit carries a stigma of failure and adds to the uncertainty of renewing operations in a foreign market, manifested in firms reverting to strategies that were most familiar to them in order to avoid further uncertainty associated with change. For commitment decrease, results are consistent with the proposed signs of the hypothesis, but are not significant. Hypothesis 2 is, therefore, only partially supported. With regards to the factors which explain commitment decrease specifically, we observed that commitment decrease is better predicted by measures of experience diversity such as GEN_EXP_DIV (HOST_EXP_DIV) which reduces (increases) the odds of commitment decrease. Perhaps more conventional measures of experience (e.g., number of markets) are more suitable to explain the possibility of decreasing commitment on re-entry after exit, whilst increased commitment into a previously exited market is driven by other variables such as learning from the exit experience.

In Hypothesis 3, we predicted a non-significant relationship between firms engaging in strategic market exit and re-entry commitment strategies. We find power analysis useful here since (although non-significant) the effect sizes for EXIT-Strategic are relatively high in the logit models (i.e. Model 3 in Tables III-V). With an alpha computed at 0.5, and an N of 937, we found almost 47%(13%) power to predict commitment increase (decrease) at a significance level of 0.06%(40%). The results concerning commitment increase corresponds with the result in the regression model where the effect size of EXIT-Strategic is high (β =-0.826) and the level of significance is closer to a marginal effect (p=0.115) (Appendix 2). This is aligned with our earlier comment citing work that links effect size to the results of the power analysis. From this, it may be that strategic exit reduces the likelihood that some firms will increase commitment versus not changing their commitment. It may be that firms which are already operating in a large number of countries strategically focus resources in those countries and choose not to increase commitment in the re-entered market. Whilst we cannot accept the null hypothesis for commitment increase versus no changes in commitment, we suggest that strategic exit has a trivial relationship to changes in commitment with respect to commitment increase.

For Hypothesis 4, we find that, as predicted, favourable changes occurring in the host institutional environment during the time-out period tend to have a positive effect on changes in commitment. Model 4 in Tables III - V confirms that the coefficients of INST_CHG are positive and

highly significant for changes in commitment both in terms of commitment increase (1%-level effect) and decrease (5%-level effect). For instance, where favourable institutional change has occurred in the time-out period, we expect a 1.455 increase in the log-odds of commitment increase (Model 4, Table IV) but also a 0.449 increase in the log-odds of commitment decrease (Model 4, Table V). Hypothesis 4 is only partly confirmed since favourable institutional change increase the likelihood of commitment increase but does not necessarily decrease the likelihood of decrease. We expect that some re-entrants opt to re-enter in response to favourable institutional change but choose to re-enter via lower commitment and perhaps increase commitment once new institutions have become more legitimised.

Finally, Hypothesis 5 proposed that INST_CHG acts as a moderator to strengthen the relationship between HOST_EXP and changes in commitment. Contrary to previous studies (e.g. Xia et al., 2009), we did not find a significant interaction effect between changes in host institutional environment and prior experience. Our results did not show the more experience re-entrants have, the less likely they are to change their commitment in response to institutional change and hence, our data do not support Hypothesis 5. It may be noted that, when testing for the effect of institutional change on changes in commitment, we found that re-entrants that possess significant experience diversity tend to be less likely to decrease commitment when favourable institutional change has occurred. Indeed, general experience has been associated with firms having a greater absorptive capacity and being able to integrate more information in their knowledge pool (García-García et al., 2017).

Our control variables also reveal some significant results. AUTO is positively related to commitment decrease, which could mean that automakers would have lost significant investments in manufacturing plants and distribution networks and thus choose to re-enter with a partner or perhaps through exporting products to the market. In turn, RETAIL has a positive effect on commitment increase potentially meaning that, to capture re-entered markets, firms choose to opt for more control over their operations at re-entry. Older re-entrants tend to decrease commitment; however, the effect of AGE is generally only marginally significant. TIME-OUT has a (marginally) significant and positive effect on commitment decrease; i.e. the longer the time-out period, the less contact the firm has had with the host market and the more uncertain that market is perceived to be, and as such re-

entrants tend to decrease commitment. Contrary to our assumptions, developed market MNEs tend to be more likely to decrease commitment compared to non-developed market firms.

Also relevant is that the decision of whether or not to change commitment, varies significantly across different operation modes. For a re-entrant which had previously operated via contractual alliances, the odds of decreasing commitment are significantly larger than the odds for a firm that was previously operating via a JV or via a WOS. Perhaps surprisingly, firms previously operating via non-equity modes have lesser odds to increase commitment (see Table IV, all models). Exporters, licensors and franchisors which have not experienced deep involvement in the market, may have not generated sufficient knowledge and experience during their initial market foray that they can leverage to change commitment upon re-entry, and thus choose to re-enter via the same modes of commitment (Padmanabhan and Rao, 1999). When investigating the type of changes in commitment we did not find that firms previously involved in JVs are less likely to decrease commitment than those operating through their own subsidiaries prior to exiting the market.

For robustness checks, we compiled information to measure institutional change from other databases such as the World Bank (e.g., Meyer et al. 2009; Xia et al., 2009) and did not find significant differences. In fact, our own robustness checks show that the databases used to measure the quality of institutions are highly correlated; e.g., 'freedom to trade internationally' is highly correlated with 'regulatory quality' ($r = 0.71$) and with 'property rights' ($r = 0.70$). Similarly, the variable 'legal system and property rights' correlated with 'rule of law' ($r = 0.76$) and 'control of corruption' ($r = 0.77$). We also tested different year dummies to control for any variation that may result from the 2008 (2007, 2008, 2009) recession in Western countries and the 1997 (1996, 1997, 1998) financial crisis in Asian countries (i.e. whether there was a concentration of market exit events around those periods). We conducted further checks regarding the HOST_EXP variable. We tested the effect of HOST_EXP on commitment strategies independently to measure whether its effect may be skewed by the other variables and the results were non-significant also (i.e. for commitment increase: $\beta = 0.003$ and $p=0.601$; for commitment decrease: $\beta = 0.004$ and $p = 0.329$). Additionally, we classified the HOST_EXP variable into categorical variables to search for thresholds of experience at which prior experience may have a significant effect on re-entry commitment. For instance, by

noting 'less experienced' those with values below the mean (which is 7 years) and 'more experienced' those with values above the mean. Here also, effects are non-significant.

We ensured inter-coder reliability by developing a systematic, predominantly deductive coding scheme as discussed in Duriau, Reger and Pfarrer (2007). For instance, to codify the exit data, we used previous classifications of exit motives (Benito and Welch, 1997; Benito, 2005; Clark and Wrigley, 1977; Mellahi, 2003). Each author coded the motives for exit individually. During a pilot test conducted on 100 randomly selected re-entry events, all three authors discovered that managers made a distinction between voluntary exit due to unsatisfactory *market* performance and voluntary exit due to unsatisfactory performance with the prior operation *mode*. Following the pilot test, we included these two sub-categories in our final coding framework and thus, in our analysis.

--- Insert Tables III, IV and V about here ---

DISCUSSION

Contributions

In response to recent calls to revitalise the market entry agenda by looking beyond the initial entry mode strategies of firms (Brouthers, 2013; Hennart and Slangen, 2015; Shaver, 2013), this article examines foreign market re-entry strategies after initial entry and exit. We make two main theoretical contributions. Specifically, we argue that (1) the experience of exit resulting from unsatisfactory performance directly influences how re-entrants learn from their past experiences and subsequently alter their re-entry strategies; and that (2) institutional dynamics complement organisational learning considerations when discussing foreign market re-entry strategies.

We enrich the learning-based theory of international business strategy (Anand et al., 2014; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006) by providing a refined analysis of the relationships between learning and re-entry. Of particular interest are our findings with respect to the non-significant effect of prior experience on re-entry strategies. Contrary to findings on *initial* foreign market entry, experience accumulated over time does not directly determine *re*-entrants to change their behaviour at re-entry. In fact, some experiences can become difficult to interpret. We

explain that, when the process of learning from prior knowledge and experience is disrupted, MNEs may find it difficult to transfer the knowledge and experience accumulated in the past to new decisions such as *re*-entry commitment. The effect of host market experiential knowledge may become weaker as firms undergo a period of time out of the host market, which poses restrictions on an MNE's ability to exploit knowledge acquired from past experiences. Exit and re-entry decisions may be more rare than initial entry decisions for an individual firm and the experiences which are rarer may also be perceived as more ambiguous making it harder for re-entrants to draw inferences from (Lampel, Shamsie and Shapira, 2009; Starbuck, 2009; Zollo, 2009).

Another important insight is that re-entrants tend to learn more from their failures than from their successes. It may be that during strategic exit, past knowledge and experience is not captured or is even disregarded from future decision making. Following the lead of previous studies (e.g., Gong et al., 2017; Xia et al., 2009) we questioned the broad approach to the effects of learning on MNE market re-entry commitment and advocated and demonstrated that a clearer distinction should be made between the types of learning available to firms. We conclude that the learning effect of prior knowledge and experiences is influenced by the outcomes of prior operations such as exit. These findings contribute to distinguishing the re-entry phenomenon from that of initial market entry.

Also interesting is that, a large percentage of the sample firms neither increased nor decreased commitment. The decision to maintain the status quo may come with increased managerial uncertainty as managers may be reluctant to replace a well-known and familiar low commitment mode with a higher commitment mode. Increasing commitment into a previously exited market could also increase the perceived risk and uncertainty already associated with re-entry. The organisational mode in which firms were operating prior to exit is a strong predictor of re-entry commitment and, what is more, inertial effects vary across modes (Benito, Pedersen and Petersen, 1999; Padmanabhan and Rao, 1999). Re-entering via the same mode of commitment is prevalent amongst exporters, licensors and franchisors, for whom not changing commitment may avoid the costs of learning how a different mode works in the host market. That said, even MNEs that have not acquired significant and deep knowledge in the host market learn from the exit experience, particularly when exit is associated

with unsatisfactory mode performance. The exit experience is not easily forgotten nor excluded from decision making in that re-entrants do not replicate unsuccessful commitment strategies.

With regards to our contribution to the institutional theory, results showed significant support for the view that changes in institutional environments can, in fact, lead to changes in organisational strategies (Xia et al., 2009). This goes against the idea that changes in institutional environments alone cannot explain firm commitment decisions, because broadly, firms may continue to associate the host market with high levels of uncertainty despite changes occurring in its institutions (Peng, 2003). This study confirms the high explanatory power of institutional theory rationales for re-entrants, as re-entrants do respond to positive cues in their host environments by increasing their host market resource commitment.

Empirically, by departing from the conventional approach of looking at a static view of entry strategies and their determinants (Meyer, 2001; Meyer et al., 2009) to examine phenomena such as exit and re-entry, this study underscores the importance of recognising the dynamic and complex nature of the international expansion strategies of MNEs.

From a practitioner's perspective, operating via the same commitment mode may yield benefits in terms of salvaging some of the intangible (possibly even tangible) investments that were lost after exit. However, when this behaviour is driven by an attempt to reduce the uncertainty associated with re-entry, it may also represent an impediment to re-entrants exploiting previous experiences and or responding to changes in their host environments via commitment choices. We propose that it is important for potential re-entrants to understand the contextual influence of the failed attempt in terms of both the role of the MNE’s previous experience with exiting the host market as well as the potential changes occurring in host institutional environments during the time-out period. Firms that are encouraged by local institutions such as governments, to capitalise on host institutional changes may receive support and resources from key institutional actors in the local market (Meyer et al., 2009). This may decrease the need to possess significant prior experience with operating in that market. The choice of re-entering via a higher commitment mode may, indeed, present risks in host environments that have recently transitioned like some in our sample (Peng, 2003), but may also present benefits for firms to capitalise on growing host markets, where

restrictions were imposed on foreign investment and foreign firms were once driven to exit the market. Favourable changes in institutions represent an opportunity to overcome potentially adverse market exit experiences and re-enter. Our results indicate that re-entry is a strategic option available to MNEs irrespective of the amount of experience accumulated in the host market during initial entry.

Limitations and future research directions

It is important to also note the limitations of our study. First, a pertinent issue for future empirical work in the field of re-entry decisions is to further expand on what constitutes learning and what the sources of learning or unlearning may be. Our measures of organisational learning comprise how firms learn from direct experience. Prior studies have suggested that different types of learning may result in different organisational behaviour and performance outcomes (see Clarke et al., 2013; March, 2010). For instance, it would be beneficial to extend this study by examining whether firms learn from the experience of others, i.e. via business and or institutional networks, or whether learning from operating in one market may be transferred into a different market. Some experiences may be good teachers in certain organisational contexts but not others (March, 2010). Further, market changes, other than institutional changes or changes in the size of the host market, may affect the ability of firms to benefit from and exploit prior knowledge and experience at re-entry. Internal and/or external changes that may have occurred in the time-out period which have not been captured in this study could be considered in future studies either by focusing on specific industry sectors or by focusing on qualitative studies of specific firms. Only by understanding the contextual conditions that support the extraction of value from prior experiences, will we be able to provide recommendations as to how organisations should be designed to promote learning.

A second and inter-related issue is that, although our empirical evidence indicates that re-entry decisions are not necessarily driven by experience accumulated over time, the link between prior experience, learning and re-entry decisions may not be straightforward. For instance, family firms may be better able to preserve organisational memory and routines and leverage them in subsequent decisions than large MNEs. Moreover, prior experience accumulated over time may be more relevant when paired with learning from business networks and institutional relationships that may provide

firms with attractive opportunities for re-entry. Such ties have the potential to replace the need for other resources, such as prior knowledge and experience. We re-iterate the appeal of Zollo (2009) and Zeng et al. (2013), to learn more about the potential positive as well as the detrimental effects of making strategic decisions based mainly on knowledge acquired through prior experience.

This study has focused primarily on understanding re-entry by explaining and interpreting the antecedents of re-entrants' commitment strategies. An important unanswered question concerns the consequences of such re-entry commitment strategies. We know that changes in strategic behaviour tend to be associated with learning, but firms may draw inappropriate references from prior experiences and learn the wrong lessons instead (Zollo, 2009). Equity modes of commitment have been associated with better performance outcomes (Brouthers et al., 2008), which begs the question 'Does re-entering via an equity commitment mode lead to better performance for *re*-entrants as it does for *de novo* entrants'? In the case of impending exit, it is important for firms to understand how to re-enter key markets and to be aware of which strategies have been successful for other re-entrants.

CONCLUSION

In this study, we argued that market entry is an ongoing process that does not stop once a firm establishes operations in a foreign market or when it exits such a market. Therefore, scholars should bring re-entry to the conversation of entry modes. To understand such behaviour, we attempted to answer the following question: What determines foreign market re-entry strategies? We focused on change in the degree of commitment upon re-entry. We found that whilst some MNEs decrease commitment upon re-entry, others re-enter via the same mode or increase their commitment to the market, proving that *once bitten* does not always equal *twice shy*. Our findings suggest that re-entrants learn their lessons from the exit experience which increases the probability of changes in an MNE's re-entry strategy. Institutional changes during the time-out period also impact re-entry commitment thereby reiterating the importance of contextualising the effect of the MNE's prior experiences by integrating learning and institutional theories in the study of international business strategies.

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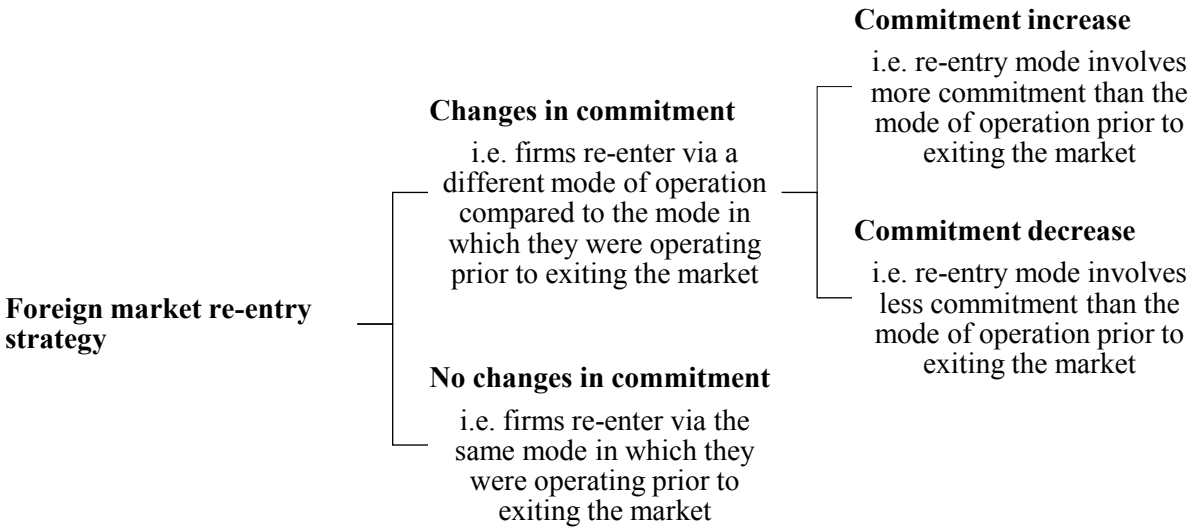

Figure I: Unpacking foreign market re-entry commitment decisions

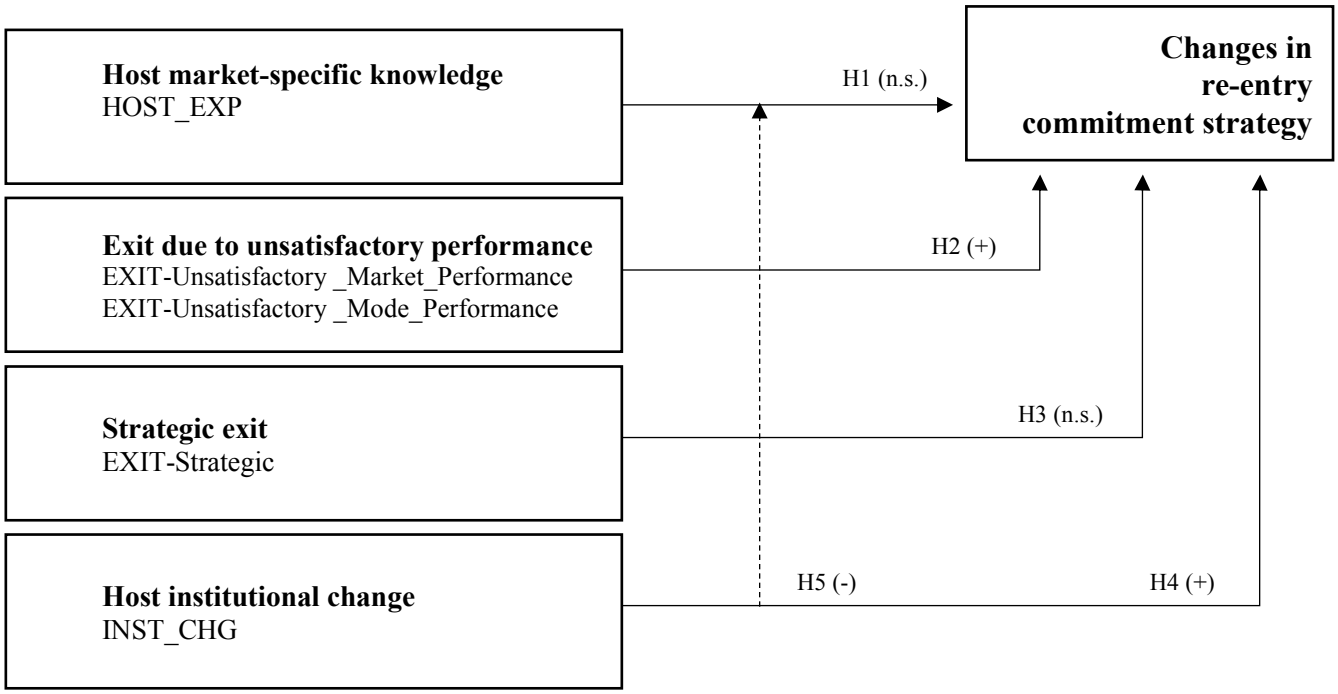

Figure II: A conceptualisation of the determinants of foreign market re-entry strategies

Table I: Characteristics of the re-entry sample

	No. of re-entry events	*%*
*Commitment decisions**		
No changes in commitment	670	65.6
Commitment increase	149	14.6
Commitment decrease	157	15.3
Year distribution		
1980s	32	3.1
1990s	173	17.0
2000-2010	350	34.3
2011-2016	465	45.6
Host market re-entered (top 5)		
India	147	14.4
China	76	7.5
South Africa	74	7.3
US	67	6.6
UK	52	5.1
Home market of re-entrant (top 5)		
US	312	30.6
UK	120	5.9
Japan	87	8.5
Italy	56	5.5
Germany	49	4.8
Broad sector of operations		
Manufacturing	426	41.8
Services	594	58.2
Major industries		
Automotive	209	20.5
Financial services	171	16.8
Retail	113	11.1

*Data on changes in commitment was available for 976 re-entrants

Table II: Descriptive statistics and correlation coefficients for changes in re-entry commitment

Variables	Mean	S.D.	N	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
(1) HOST_EXP	18.21	21.88	975	1																							
(2) EXIT-Unsatisfactory _Market_Performance	0.62	0.48	1020	-.16**	1																						
(3) EXIT-Unsatisfactory _Mode_Performance	0.20	0.40	1020	-.13**	.33**	1																					
(4) EXIT-Strategic	0.09	0.28	1020	.04	-.40**	-.13**	1																				
(5) INST_CHG	0.51	0.68	886	-.05	.11**	-.01	.04	1																			
(6) SIZE	3.60	1.47	988	.22**	-.10**	-.01	-.01	-.08*	1																		
(7) AGE	78.12	53.08	1020	.41**	-.16**	-.07*	.04	-.13**	.01	1																	
(8) MGMT-CHG	0.47	0.49	1020	.11**	.01	.06*	.04	.04	-.07*	-.16**	1																
(9) ALREADY_PRESENT	0.22	0.41	1020	.11**	.12**	-.04	.06	.03	.05	-.11**	.04	1															
(10) TIME-OUT	9.81	12.26	987	.21**	-.29**	-.15**	-.05	-.31**	.11**	-.05	.017	.10**	1														
(11) HOST_EXP_INT	42.75	33.98	986	.45**	-.16**	-.11**	-.01	-.09**	.02	-.09**	-.06	.16**	.35**	1													
(12) GEN_EXP_INT	55.19	38.90	997	.50**	-.17**	-.11**	-.04	-.12**	.04	-.10**	.01	.04	.18**	.10**	1												
(13) HOST_EXP_DIV	11.16	8.29	902	.05	.03	.01	-.05	-.05	.07*	-.16**	-.16**	-.05	.27**	.10**	.10**	1											
(14) GEN_EXP_DIV	69.27	57.49	896	.12**	.00	-.03	-.03	-.05	.06	-.21**	-.08*	.20**	.15**	.21**	.00	-.64**	1										
(15) EXPORT	0.37	0.48	976	.01	.04	-.08*	-.05	.03	.19**	-.01	-.09**	.16**	.33**	.51**	.06	.15**	.46**	1									
(16) NON-EQUITY	0.16	0.36	976	-.08*	.10**	.06	-.05	.01	-.34**	-.08*	0.01	.17**	.38**	.63**	.07*	.17**	.40**	.83**	1								
(17) JV	0.18	0.38	976	-.07*	.08*	.28**	.00	-.07	-.36**	-.21**	-.03	-.06	.26**	.07*	.04	.12**	.09**	.22**	.21**	1							
(18) WOS	0.28	0.45	976	.11**	-.19**	-.21**	.09**	.02	-.48**	-.27**	-.29**	-.11**	.37**	.13**	.06	.28**	.04	.24**	.31**	.54**	1						
(19) DEVELOPED	0.86	0.34	1020	.11**	.03	.01	.05	-.05	-.11**	-.01	.07*	.07*	.21**	.22**	.07*	.05	.07*	.16**	.19**	.10**	.21**	1					
(20) REG	0.33	0.47	1020	-.09*	.01	-.06	.05	.05	-.05	-.02	-.01	.08*	-.10**	-.13**	-.06	-.05	.00	-.09**	-.20**	.03	-.25**	-.26**	1				
(21) MARKET-CHG	3.34	0.61	833	-.03	.14**	-.09*	.07*	-.12**	-.02	.04	-.13**	.09**	.04	.00	.07*	.06	.24**	.02	.02	-.01	-.07	.01	.12**	1			
(22) FINANCIAL_SERV	0.16	0.37	1020	.20**	-.20**	-.12**	.01	-.04	-.15**	-.17**	.07*	.24**	.20**	.36**	-.01	-.05	.15**	.25**	.25**	-.01**	-.23**	.08**	.06	.03	1		
(23) AUTO	0.20	0.40	1020	.10**	.10**	.10**	-.05	-.02	.26**	-.19**	-.00	-.12**	.20**	.03	.05	.18**	.09**	.21**	.26**	.21**	.44**	.06	-.13**	.01	-.23**	1	
(24) RETAIL	0.11	0.31	1020	-.12**	.13**	.09**	.01	.04	-.13**	.11**	-.05	.09**	-.19**	-.05	-.01	-.14**	-.10**	-.17**	-.19**	-.10**	-.16**	.05	.04	.06	-.16**	-.18**	1

Table III: Logit regression (1): Changes in commitment compared to No changes in commitment

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Variables	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**
Constant	*-3.064 (0.000)*	*(0.757)*	*2.019 (0.010)*	*(0.913)*	*2.497 (0.007)*	*(0.924)*	*3.116 (0.000)*	*(0.859)*	*0.683 (0.424)*	*(0.854)*	*-0.865 (0.379)*	*(0.983)*
HOST_EXP			**-0.002 (0.645)**	(0.005)	**0.001 (0.982)**	(0.005)	**-0.001 (0.805)**	(0.005)	**-0.004 (0.487)**	(0.006)	**-0.001 (0.837)**	(0.006)
EXIT-Unsatisfactory _Market_Performance					**-0.576 (0.020)**	(0.247)					**-0.432 (0.104)**	(0.266)
EXIT-Unsatisfactory _Mode_Performance					**1.036 (0.000)**	(0.276)					**1.292 (0.000)**	(0.301)
EXIT-Strategic					**-0.471 (0.169)**	(0.343)					**-0.292 (0.415)**	(0.359)
INST_CHG							**0.880 (0.000)**	(0.156)	**1.005 (0.000)**	(0.203)	**1.075 (0.000)**	(0.215)
HOST_EXP x INST_CHG									**0.008 (0.315)**	(0.008)	**0.009 (0.292)**	(0.008)
SIZE	0.082 (0.245)	(0.071)	0.082 (0.243)	(0.071)	0.045 (0.541)	(0.045)	0.069 (0.368)	(0.077)	0.066 (0.387)	(0.077)	0.038 (0.632)	(0.079)
AGE	-0.003 (0.140)	(0.002)	-0.003 (0.141)	(0.002)	-0.003 (0.098)	(0.002)	-0.004 (0.098)	(0.002)	-0.003 (0.110)	(0.002)	-0.004 (0.070)	(0.002)
MGMT-CHG	-0.099 (0.553)	(0.167)	-0.100 (0.552)	(0.168)	-0.182 (0.302)	(0.176)	-0.043 (0.809)	(0.178)	-0.055 (0.759)	(0.179)	-0.172 (0.363)	(0.189)
ALREADY_PRESENT	0.063 (0.756)	(0.203)	0.056 (0.784)	(0.203)	0.286 (0.188)	(0.218)	0.216 (0.316)	(0.215)	0.216 (0.314)	(0.215)	0.456 (0.064)	(0.230)
TIME-OUT	0.015 (0.078)	(0.008)	0.014 (0.085)	(0.008)	0.015 (0.113)	(0.009)	-0.014 (0.243)	(0.012)	-0.012 (0.307)	(0.012)	-0.007 (0.579)	(0.013)
EXP_INT	0.116 (0.335)	(0.120)	0.150 (0.252)	(0.131)	0.157 (0.247)	(0.136)	0.173 (0.209)	(0.138)	0.162 (0.243)	(0.138)	0.178 (0.219)	(0.145)
GEN_EXP_DIV	-0.004 (0.095)	(0.002)	-0.004 (0.088)	(0.002)	-0.003 (0.121)	(0.002)	-0.005 (0.022)	(0.002)	-0.005 (0.019)	(0.002)	-0.005 (0.032)	(0.002)
HOST_EXP_DIV	0.027 (0.031)	(0.012)	0.027 (0.029)	(0.012)	0.028 (0.028)	(0.013)	0.028 (0.031)	(0.013)	0.029 (0.026)	(0.013)	0.030 (0.028)	(0.014)
EXPORTS vs. NON_EQUITY	0.037 (0.894)	(0.278)	0.029 (0.916)	(0.279)	0.260 (0.374)	(0.292)	0.027 (0.926)	(0.293)	0.038 (0.898)	(0.293)	0.380 (0.228)	(0.315)
EXPORTS vs. JV	-1.644 (0.000)	(0.229)	-1.641 (0.000)	(0.230)	-1.328 (0.000)	(0.243)	-1.634 (0.000)	(0.242)	-1.659 (0.000)	(0.243)	-1.316 (0.000)	(0.258)
EXPORTS vs. WOS	-0.699 (0.002)	(0.223)	-0.712 (0.001)	(0.224)	-0.831 (0.000)	(0232)	-0.800 (0.001)	(0.243)	-0.804 (0.001)	(0.243)	-0.938 (0.000)	(0.251)
NON_EQUITY vs. JV	-1.680 (0.000)	(0.283)	-1.670 (0.000)	(0.284)	-1.588 (0.000)	(0.297)	-1.661 (0.000)	(0.297)	-1.696 (0.000)	(0.300)	-1.696 (0.000)	(0.321)
NON_EQUITY vs. WOS	-0.736 (0.008)	(0.278)	-0.741 (0.008)	(0.278)	-1.091 (0.000)	(0.299)	-0.827 (0.005)	(0.293)	-0.842 (0.004)	(0.294)	-1.317 (0.000)	(0.323)
JV vs. WOS	0.945 (0.000)	(0.233)	0.929 (0.000)	(0.234)	0.497 (0.047)	(0.250)	0.834 (0.001)	(0.245)	0.855 (0.001)	(0.246)	0.379 (0.150)	(0.263)
DEVELOPED	0.261 (0.340)	(0.273)	0.260 (0.341)	(0.273)	0.407 (0.162)	(0.291)	0.274 (0.345)	(0.291)	0.286 (0.327)	(0.291)	0.448 (0.153)	(0.313)
REG	-0.032 (0.862)	(0.187)	-0.039 (0.835)	(0.187)	0.085 (0.665)	(0.188)	0.059 (0.764)	(0.197)	0.062 (0.753)	(0.198)	0.219 (0.296)	(0.209)
MARKET-CHG	-0.010 (0.976)	(0.330)	-0.009 (0.978)	(0.331)	-0.101 (0.769)	(0.343)	-0.178 (0.601)	(0.341)	-0.188 (0.581)	(0.340)	-0.345 (0.335)	(0.358)
FINANCIAL_SERV	0.219 (0.406)	(0.264)	0.238 (0.367)	(0.264)	0.278 (0.307)	(0.273)	0.189 (0.508)	0.286	0.196 (0.493)	(0.286)	0.245 (0.405)	(0.294)
AUTO	0.402 (0.103)	(0.247)	0.403 (0.103)	(0.247)	0.193 (0.465)	(0.264)	0.493 (0.064)	(0.266)	0.503 (0.059)	(0.266)	0.238 (0.406)	(0.286)
RETAIL	0.726 (0.006)	(0.262)	0.719 (0.006)	(0.263)	0.649 (0.018)	(0.275)	0.770 (0.005)	(0.272)	0.775 (0.004)	(0.272)	0.685 (0.016)	(0.285)
-2 Log likelihood		*901.446*		*899.872*		*846.392*		*803.395*		*802.416*		*747.344*
Cox & Snell R square		*0.111*		*0.112*		*0.170*		*0.153*		*0.154*		*0.214*
Chi-square		*93.920 (0.000)*		*94.729 (0.000)*		*148.209 (0.000)*		*123.817 (0.000)*		*124.796 (0.000)*		*179.868 (0.000)*
Number of observations		*796*		*795*		*795*		*747*		*747*		*747*

Table IV: Logit regression (2): Commitment increase compared to No changes in commitment

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Variables	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**
Constant	*-2.130 (0.021)*	*(0.920)*	*-2.110 (0.023)*	*(0.930)*	*-1.607 (0.174)*	*(1.182)*	*-0.735 (0.573)*	*(1.305)*	*1.056 (0.335)*	*(1.096)*	*-1.287 (0.308)*	*(1.263)*
HOST_EXP			**-0.001 (0.883)**	(0.007)	**0.001 (0.871)**	(0.007)	**0.001 (0.900)**		**-0.003 (0.726)**	(0.008)	**0.001 (0.927)**	(0.009)
EXIT-Unsatisfactory _Market_Performance					**-1.245 (0.000)**	(0.350)					**-1.218 (0.001)**	(0.377)
EXIT-Unsatisfactory _Mode_Performance					**1.131 (0.001)**	(0.336)					**1.331 (0.000)**	(0.379)
EXIT-Strategic					**-0.826 (0.115)**	(0.524)					**-0.782 (0.159)**	(0.556)
INST_CHG							**1.455 (0.000)**	(0.242)	**1.680 (0.000)**	(0.331)	**1.942 (0.000)**	(0.367)
HOST_EXP x INST_CHG									**0.013 (0.273)**	(0.012)	**0.017 (0.157)**	(0.012)
SIZE	0.126 (0.182)	(0.094)	0.125 (0.183)	(0.094)	0.105 (0.310)	(0.104)	0.099 (0.322)	(0.100)	0.091 (0.365)	(0.100)	0.099 (0.385)	(0.114)
AGE	-0.002 (0.553)	(0.003)	-0.002 (0.561)	(0.003)	-0.002 (0.426)	(0.003)	-0.003 (0.306)	(0.003)	-0.003 (0.327)	(0.003)	-0.004 (0.200)	(0.003)
MGMT-CHG	-0.137 (0.523)	(0.214)	-0.134 (0.532)	(0.215)	-0.320 (0.175)	(0.236)	-0.035 (0.879)	(0.231)	-0.038 (0.871)	(0.231)	-0.302 (0.242)	(0.259)
ALREADY_PRESENT	-0.183 (0.493)	(0.267)	-0.181 (0.498)	(0.267)	0.204 (0.497)	(0.301)	-0.253 (0.387)	(0.292)	-0.244 (0.403)	(0.291)	0.001 (0.998)	(0.333)
TIME-OUT	0.013 (0.278)	(0.012)	0.013 (0.276)	(0.012)	0.016 (0.224)	(0.013)	-0.039 (0.036)	(0.018)	-0.036 (0.048)	(0.018)	-0.030 (0.134)	(0.020)
EXP_INT	0.168 (0.302)	(0.163)	0.178 (0.310)	(0.175)	0.318 (0.092)	(0.189)	0.306 (0.105)	(0.188)	0.292 (0.124)	(0.190)	0.436 (0.036)	(0.209)
GEN_EXP_DIV	-0.002 (0.355)	(0.003)	-0.002 (0.355)	(0.003)	-0.002 (0.444)	(0.003)	-0.002 (0.429)	(0.003)	-0.003 (0.382)	(0.003)	-0.001 (0.652)	(0.003)
HOST_EXP_DIV	0.029 (0.063)	(0.016)	0.029 (0.067)	(0.016)	0.024 (0.172)	(0.017)	0.019 (0.274)	(0.018)	0.020 (0.249)	(0.018)	0.010 (0.595)	(0.020)
EXPORTS vs. NON_EQUITY	0.155 (0.602)	(0.298)	0.153 (0.607)	(0.298)	0.328 (0.304)	(0.319)	0.116 (0.712)	(0.313)	0.126 (0.687)	(0.313)	0.532 (0.131)	(0.352)
EXPORTS vs. JV	-0.971 (0.000)	(0.265)	-0.971 (0.000)	(0.265)	-0.426 (0.148)	(0.294)	-0.936 (0.001)	(0.283)	-0.962 (0.001)	(0.285)	-0.352 (0.272)	(0.320)
NON_EQUITY vs. JV	-1.126 (0.000)	(0.318)	-1.124 (0.000)	(0.318)	-0.754 (0.028)	(0.343)	-1.052 (0.002)	(0.339)	-1.088 (0.001)	(0.341)	-0.884 (0.021)	(0.382)
NON_EQUITY vs. WOS	-		-		-		-		-		-	
JV vs. WOS	-		-		-		-		-		-	
DEVELOPED	-0.158 (0.618)	(0.318)	-0.161 (0.613)	(0.318)	-0.108 (0.756)	(0.348)	-0.286 (0.405)	(0.343)	-0.264 (0.443)	(0.344)	-0.330 (0.389)	(0.383)
REG	-0.016 (0.948)	(0.241)	-0.015 (0.950)	(0.241)	0.173 (0.516)	(0.266)	-0.034 (0.894)	(0.255)	-0.029 (0.908)	(0.256)	0.158 (0.585)	(0.289)
MARKET-CHG	0.325 (0.510)	(0.493)	0.322 (0.514)	(0.493)	0.075 (0.884)	(0.517)	0.147 (0.781)	(0.527)	0.137 (0.795)	(0.526)	-0.109 (0.847)	(0.566)
FINANCIAL_SERV	0.224 (0.576)	(0.400)	0.223 (0.577)	(0.400)	0.234 (0.584)	(0.427)	0.099 (0.823)	(0.440)	0.125 (0.777)	(0.441)	0.222 (0.640)	(0.476)
AUTO	0.190 (0.516)	(0.292)	0.190 (0.515)	(0.292)	0.109 (0.743)	(0.331)	0.261 (0.411)	(0.318)	0.285 (0.371)	(0.319)	-0.059 (0.872)	(0.365)
RETAIL	0.936 (0.007)	(0.348)	0.932 (0.008)	(0.349)	0.645 (0.091)	(0.382)	0.924 (0.013)	(0.372)	0.929 (0.013)	(0.374)	0.664 (0.111)	(0.417)
-2 Log likelihood	*562.054*		*562.032*		*484.091*		*483.370*		*482.247*		*411.901*	
Cox & Snell R square	*0.062*		*0.062*		*0.178*		*0.148*		*0.150*		*0.259*	
Chi-square	*34.583 (0.005)*		*34.605 (0.000)*		*112.546 (0.000)*		*82.309 (0.000)*		*83.432 (0.000)*		*153.778 (0.000)*	
Number of observations	*541*		*541*		*541*		*514*		*514*		*514*	

Table V: Logit regression (3): Commitment decrease compared to No changes in commitment

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Variables	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**	**β** (p)	**S.E.**
Constant	*-1.426 (0.216)*	*(1.154)*	*-1.338 (0.249)*	*(1.162)*	*-0.701 (0.602)*	*1.345*	*-1.616 (0.267)*	*(1.455)*	*-1.619 (0.266)*	*(1.455)*	*-0.683 (0.668)*	*(1.591)*
HOST_EXP			**-0.005 (0.457)**	(0.007)	**-0.004 (0.611)**	(0.007)	**-0.004 (0.631)**	(0.008)	**-0.006 (0.477)**	(0.009)	**-0.003 (0.693)**	(0.009)
EXIT-Unsatisfactory _Market_Performance					**0.268 (0.450)**	(0.355)					**0.456 (0.232)**	(0.381)
EXIT-Unsatisfactory _Mode_Performance					**0.670 (0.119)**	(0.430)					**1.115 (0.017)**	(0.466)
EXIT-Strategic					**0.141 (0.757)**	(0.456)					**0.415 (0.388)**	(0.481)
INST_CHG							**0.449 (0.041)**	(0.219)	**0.542 (0.045)**	(0.270)	**0.621 (0.026)**	(0.278)
HOST_EXP x INST_CHG									**0.007 (0.544)**	(0.011)	**0.006 (0.618)**	(0.011)
SIZE	0.008 (0.933)	(0.101)	0.012 (0.906)	(0.101)	-0.006 (0.954)	(0.102)	0.034 (0.762)	(0.112)	0.037 (0.742)	(0.112)	0.014 (0.906)	(0.114)
AGE	-0.005 (0.061)	(0.003)	-0.005 (0.069)	(0.003)	-0.005 (0.085)	(0.003)	-0.006 (0.050)	(0.003)	-0.006 (0.056)	(0.003)	-0.006 (0.060)	(0.003)
MGMT-CHG	-0.089 (0.718)	(0.247)	-0.097 (0.695)	(0.248)	-0.143 (0.571)	(0.252)	-0.072 (0.784)	(0.264)	-0.094 (0.723)	(0.267)	-0.179 (0.511)	(0.273)
ALREADY_PRESENT	0.462 (0.128)	(0.303)	0.426 (0.164)	(0.306)	0.410 (0.195)	(0.316)	0.734 (0.022)	(0.321)	0.730 (0.023)	(0.322)	0.738 (0.027)	(0.333)
TIME-OUT	0.020 (0.092)	(0.012)	0.019 (0.102)	(0.012)	0.024 (0.060)	(0.013)	0.015 (0.339)	(0.016)	0.017 (0.302)	(0.016)	0.024 (0.158)	(0.017)
EXP_INT	0.047 (0.779)	(0.168)	0.118 (0.519)	(0.183)	0.098 (0.596)	(0.184)	0.125 (0.520)	(0.195)	0.112 (0.568)	(0.196)	0.088 (0.656)	(0.197)
GEN_EXP_DIV	-0.007 (0.051)	(0.003)	-0.007 (0.045)	(0.003)	-0.006 (0.058)	(0.003)	-0.011 (0.004)	(0.004)	-0.011 (0.004)	(0.004)	-0.011 (0.005)	(0.004)
HOST_EXP_DIV	0.030 (0.105)	(0.018)	0.031 (0.099)	(0.019)	0.032 (0.092)	(0.019)	0.045 (0.020)	(0.019)	0.046 (0.018)	(0.019)	0.048 (0.016)	(0.020)
EXPORTS vs. NON_EQUITY	-		-		-		-		-		-	
EXPORTS vs. JV	-		-		-		-		-		-	
NON_EQUITY vs. JV	-3.406 (0.000)	(0.756)	-3.386 (0.000)	(0.756)	-3.371 (0.000)	(0.759)	-4.160 (0.000)	(1.044)	-4.197 (0.000)	(1.046)	-4.214 (0.000)	(1.049)
NON_EQUITY vs. WOS	-3.343 (0.000)	(0.742)	-3.349 (0.000)	(0.742)	-3.480 (0.000)	(0.750)	-4.099 (0.000)	(1.032)	-4.117 (0.000)	(1.033)	-4.356 (0.000)	(1.043)
JV vs. WOS	0.063 (0.818)	(0.273)	0.036 (0.894)	(0.275)	-0.108 (0.714)	(0.295)	0.062 (0.828)	(0.285)	0.080 (0.780)	(0.287)	-0.142 (0.647)	(0.310)
DEVELOPED	1.070 (0.029)	(0.491)	1.103 (0.026)	(0.494)	1.100 (0.027)	(0.499)	1.485 (0.007)	(0.552)	1.491 (0.007)	(0.554)	1.530 (0.007)	(0.564)
REG	-0.043 (0.877)	(0.277)	-0.056 (0.839)	(0.278)	-0.039 (0.888)	(0.280)	0.073 (0.807)	(0.300)	0.069 (0.818)	(0.300)	0.116 (0.705)	(0.306)
MARKET-CHG	-0.369 (0.391)	(0.430)	-0.363 (0.400)	(0.431)	-0.509 (0.259)	(0.450)	-0.494 (0.262)	(0.441)	-0.504 (0.254)	(0.441)	-0.780 (0.098)	(0.472)
FINANCIAL_SERV	0.407 (0.239)	(0.346)	0.445 (0.200)	(0.348)	0.485 (0.165)	(0.349)	0.190 (0.616)	(0.380)	0.192 (0.613)	(0.380)	0.286 (0.454)	(0.382)
AUTO	1.220 (0.005)	(0.436)	1.237 (0.005)	(0.438)	1.129 (0.011)	(0.444)	1.188 (0.011)	(0.467)	1.200 (0.010)	(0.468)	1.038 (0.029)	(0.477)
RETAIL	0.522 (0.157)	(0.369)	0.509 (1.169)	(0.369)	0.446 (0.236)	(0.376)	0.540 (0.159)	(0.384)	0.543 (0.158)	(0.385)	0.450 (0.254)	(0.394)
-2 Log likelihood	*420.243*		*418.526*		*415.990*		*370.297*		*369.935*		*364.009*	
Cox & Snell R square	*0.203*		*0.205*		*0.210*		*0.228*		*0.229*		*0.240*	
Chi-square	*99.203 (0.000)*		*100.258 (0.000)*		*102.794 (0.000)*		*105.951 (0.000)*		*106.313 (0.000)*		*112.239 (0.000)*	
Number of observations	*437*		*436*		*436*		*409*		*409*		*409*	

Appendix 1

GLM results: Power analysis (HOST_EXP)

	Logit (1): Changes in commitment compared to No changes in commitment (N=937)			Logit (2): Commitment increase compared to No changes in commitment (N=617)			Logit (3): Commitment decrease compared to No changes in commitment (N=517)		
	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power[a]	Sig.
HOST_EXP	0.903 90%	0.097	0.525	0.915 92%	0.085	0.585	0.847 85%	0.153	0.354

[a]Computed using alpha = .05

	Logit (1): Changes in commitment compared to No changes in commitment (N=937)			Logit (2): Commitment increase compared to No changes in commitment (N=617)			Logit (3): Commitment decrease compared to No changes in commitment (N=517)		
	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power[a]	Sig.
HOST_EXP	0.832 83%	0.168	0.525	0.850 85%	0.150	0.585	0.759 76%	0.241	0.354

[a]Computed using alpha = .10

Appendix 2

GLM results: Power analysis (EXIT-Strategic)

	Logit (1): Changes in commitment compared to No changes in commitment (N=937)			Logit (2): Commitment increase compared to No changes in commitment (N=617)			Logit (3): Commitment decrease compared to No changes in commitment (N=517)		
	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power[a]	Sig.
EXIT-Strategic	0.915 92%	0.085	0.586	0.533 53%	0.467	0.061	0.597 60%	0.133	0.403

[a]Computed using alpha = .05

	Logit (1): Changes in commitment compared to No changes in commitment (N=937)			Logit (2): Commitment increase compared to No changes in commitment (N=617)			Logit (3): Commitment decrease compared to No changes in commitment (N=517)		
	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power	Sig.	Beta (Type II error)	Observed Power[a]	Sig.
EXIT-Strategic	0.850 85%	0.150	0.586	0.408 41%	0.592	0.061	0.784 78%	0.216	0.403

[a]Computed using alpha = .10

NOTES

[i]The parent firm is the unit of analysis. Parent firm refers to the company that is re-entering the market, including when the firm is re-entering through one of its divisions, e.g., *Fiat re-entered Brazil with Alfa-Romeo as well as Iveco*. Similarly, conglomerates such as *General Electric* have re-entered multiple host market sectors (which we control for through the variable ALREADY_PRESENT).

[ii]In our measurement of the dependent variable, we capture increase in commitment as firms move from operating via a minority JV (between 5% and 50 % ownership) and a majority JV (>50% ownership) and decrease in commitment when firms that were previously operating in majority JV opt for minority ownership at re-entry.

[iii]Two additional regression analyses were conducted to investigate further into what types of commitment increase and decrease decisions account for the significant effects observed. Alternatives within commitment increase - *no equity to more equity* and *JV to WOS* and alternatives within commitment decrease - *equity to no equity* and *WOS to JV* – are compared to the remainder of the sample. Results are available upon request.

[iv] We defined emerging markets according to the FTSE country classification index.

[v]Given the non-significant result that we obtain for HOST_EXP in the regression models (e.g. Table III, Model 1 - p=.982), one can already assume that the "post-hoc" power or "observed" statistical power of the model is very likely to be low. Hoenig and Heisey (2001:20) noted that, “because of the one-to-one relationship between *p* values and observed power, nonsignificant *p* values always correspond to low observed powers”. Given that the non-significant result guarantees that the power is inadequate to detect a population effect equal to the sample effect, it has been suggested that low power should not been seen as a threat to the internal validity of the research findings (see also a relatively more recent discussion by O'Keefe, 2010).