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# Re-entry in Foreign Markets: A Multi-Level Analysis of Antecedents, Mechanisms, and Performance

## Three Essays

Faculty of Management,
Economics and Social Sciences

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# Re-entry in Foreign Markets: A Multi-Level Analysis of Antecedents, Mechanisms, and Performance

Three Essays

DOCTORAL THESIS

submitted to the Faculty of Management, Economics and Social Sciences at the University of Fribourg (Switzerland)

by

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Küssnacht SZ

in fulfilment of the requirements for the degree of Doctor of Philosophy in Management (Ph.D.)

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The Faculty of Management, Economics and Social Sciences at the University of Fribourg (Switzerland) neither approves nor disapproves the opinions expressed in a doctoral thesis: They are to be considered those of the author. (Decision of the Faculty Council of 23 January 1990)

**Declaration of Generative AI and AI-assisted Technologies in the Writing Process**

During the preparation of this doctoral thesis the author used Perplexity, ChatGPT and Google Gemini to rephrase or partially generate text. After using these tools, the author reviewed and edited the content as needed and takes full responsibility for the content of the doctoral thesis.

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## Abstract

**Background:** While international business research has extensively covered initial market entries and exits, the phenomenon of foreign market re-entry, firms returning to a host country after a previous exit, remains fragmented and theoretically under-integrated. This dissertation addresses this gap by investigating the how, why, and with what consequences of re-entry through three complementary studies.

**Methods and Data:** The thesis employs a multi-methodological approach. Study 1 utilizes a longitudinal dataset of 140 re-entry cases identified from over 25,000 newspaper articles to develop a change-based taxonomy of re-entry drivers. Study 2 applies behavioural theory to six qualitative cases of global fast-food chains (e.g., McDonald's, Burger King) to uncover learning mechanisms and cognitive biases. Study 3 examines 26 cases in the automotive industry to link re-entry strategies with long-term performance outcomes using the RBV.

**Key Findings:** The synthesis of these studies reveals that re-entry is not a mere second first entry but a path-dependent process shaped by organizational memory and institutional shifts.

1. **Drivers:** Re-entry is triggered by five key categories of change (strategy, financial condition, market attractiveness, regulatory environment, and partner/operation mode/business model).
2. **Mechanisms:** Past experience acts as potential energy that must be actively updated; otherwise, behavioural constraints like overconfidence in brand power can lead to repeated failures.
3. **Outcomes:** Success depends on the quality of learning and the ability to reconfigure resources. A fourfold typology of re-entry trajectories is proposed, ranging from learning-driven improvers to quasi-novo entrants.

**Contributions:** This research contributes to international business theory by integrating behavioural theory and RBV into a cohesive re-entry framework. It provides managers with a strategic Re-entry model of change to better evaluate timing, partner selection, and resource commitment when returning to previously exited markets.

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## List of Abbreviations

CEO Chief Executive Officer
CKD Completely Knocked Down
EBITDA Earnings Before Interest, Taxes, Depreciation, and Amortization
EFI Economic Freedom Index
EU European Union
FDI Foreign Direct Investment
fsQCA fuzzy-set Qualitative Comparative Analysis
GDP Gross Domestic Product
GM General Motors
IBV Institutional-Based View
INVs International New Ventures
IPM Internationalisation Process Model
JV Joint Venture
MASEM multi-level modelling, and meta-analytic structural equation modelling
MNCs Multinational Corporations
MNEs Multinational Enterprises
NAFTA North American Free Trade Agreement
OECD Organisation for Economic Co-operation and Development
OL Organisational Learning
OLT Organisational Learning Theory
RBV Resource-Based View
R&D Research & Development
ROW Rest of World
SAMCOR South African Motor Corporation
SME Small and Medium Enterprises
UK United Kingdom
USA United States of America
USD United States Dollar
VRIN Valuable, Rare, Inimitable, and Non-substitutable
WOS Wholly Owned Subsidiaries

# 1. Introduction

International business is rarely a straightforward, linear journey. Traditionally, research into firms' internationalisation processes has been dominated by the Uppsala model (Johanson & Vahlne, 1977, p. 28; Johanson & Wiedersheim-Paul, 1975), which emphasized incremental steps and gradual learning. This perspective provided the foundation for decades of research (Johanson & Vahlne, 2009; Vahlne, 2020), significantly shaping our understanding of how firms expand abroad. Yet, more recent work has shown that the internationalisation process does not always unfold in an orderly, progressive fashion. Instead, it is characterized by complexity, reversals, and non-linear movements (Vahlne, 2020). Multinational corporations (MNCs) sometimes withdraw from markets through divestment (Schmid & Morschett, 2020) and, importantly, such exits do not always represent the definitive end of their international operations in that location. Firms may later decide to return - a phenomenon termed market re-entry (Welch & Welch, 2009, p. 568).

This re-entry phenomenon challenges the linear assumptions of internationalisation: instead of a simple process of entry, establishment, and growth, firms may go through cycles of entry, exit, and re-entry. Despite its relevance, the study of market re-entry has remained comparatively underdeveloped in the international business literature (Sousa et al., 2021, p. 13). Recent evidence suggests, however, that re-entries are not marginal occurrences. Surdu et al. (2018, p. 916), Surdu et al. (2019, p. 402) and Surdu and Narula (2021, pp. 5-6), for example, identified 1,020 re-entry events across multiple industries between 1980 and 2016, establishing that such cases are fairly common in global markets.

Given this frequency, market re-entry represents an important and timely research domain. Theoretically, it forces scholars to reconsider how internationalisation unfolds and to integrate reversals and reiterations into models that have often been dominated by assumptions of steady progression (Surdu et al., 2019, p. 927). From a managerial perspective, re-entries pose critical challenges and opportunities: managers must decide whether and when to return, how to avoid repeating past mistakes, and what competitive advantages can be leveraged from prior experience (Aguzzoli et al., 2021, pp. 428-429). Thus, re-entry research can shed light on the adaptive strategies of MNCs while also contributing to debates about resilience, learning, and market commitment. The limited body of literature that does exist suggests important differences between firms entering a market for the first time (novo entrants) and those re-entering. Re-entrant firms may benefit from their prior experience and accumulated knowledge of the host country environment (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47). The organizational learning perspective (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006) is therefore particularly well-suited to studying re-entry. Other literature streams that

the dissertation adds to in the studies are the Institutional-Based View (IBV) (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978), Resource-Based View (RBV) (Barney, 1991; Daft, 1983, p. 71), internationalisation process literature (Johanson & Vahlne, 1977) and behavioural theory (Cyert & March, 1994). However, Sousa et al.`s (2021, pp. 13-15) comprehensive review makes it clear that research on re-entries is fragmented and remains at an early stage of development. To date, the majority of empirical studies have been qualitative (Aguzzoli et al., 2021; Khan et al., 2023; Shahid & Hallo, 2019; Treviño & Doh, 2021; Vissak & Francioni, 2013, 2020; Vissak et al., 2020) and quantitative research has largely focused on export market re-entries (Bernini et al., 2016; Chen et al., 2019; Ganotakis et al., 2022; Görg & Spaliara, 2018; Love & Máñez, 2019; Vissak & Masso, 2015). Broader entry modes such as franchising, Joint Ventures (JV), strategic alliances, or Wholly Owned Subsidiaries (WOS) have been largely neglected. Only a few studies (Surdu et al., 2019; Surdu et al., 2018; Surdu & Narula, 2021) have attempted a general, large-scale analysis.

This lack of breadth and systematic analysis points to several important research gaps. First, very little is known about the conditions under which companies re-enter markets after initial withdrawal. Existing studies have not sufficiently addressed what needs to change - at the firm, industry, or host-market level - for re-entry decisions to occur. Understanding these triggers is necessary to advance both theory and practice. Study 1 of this dissertation addresses precisely this gap, contributing a more nuanced understanding of the antecedents of re-entry. Drawing on these perspectives, the study is guided by two core research questions:

(1) What factors in the market or company must change for a company to re-enter?

(2) Can we identify clusters of re-entry cases based on the combinations of their re-entry reasons?

To address these questions, this research leverages a unique dataset constructed from extensive screening of 25,000 international newspaper articles, resulting in over 140 well-documented re-entry events across industries, home and host countries, operation modes, and time periods. This rare, systematically compiled dataset allows for a broad, multi-industry view of re-entry dynamics, complementing prior studies that typically focus on single countries or industries (e.g., (Bernini et al., 2016; Heyman & Tingvall, 2015; Vissak & Zhang, 2015)). A multi-method analytical approach - including qualitative content analysis and cluster analysis - enables the identification of dominant change factors (financial condition, host market attractiveness, regulatory environment, management change, institutional distance, and timeout period), their timing, and the extent to which re-entry is shaped by organizational learning, institutional quality, and changing external conditions.

The resulting insights contribute to a more nuanced and generalizable understanding of market re-entry as a dynamic, multi-causal, and path-dependent phenomenon. Specifically, the study illustrates how companies respond to the initial causes of exit - whether financial constraints, regulatory barriers, declining market attractiveness, or failed partnerships - by conditioning their return on positive changes in these variables. It also demonstrates how, especially within

the first three years after exit, re-entrant firms can actively leverage prior knowledge, existing relationships, and organizational memory to accelerate their re-establishment, while longer timeout periods blur the link between exit and re-entry, making successful return contingent on multiple convergent factors.

Finally, this research provides practical value for managers facing re-entry scenarios by offering a structured framework for assessing the necessity and sufficiency of internal and external changes, identifying when accumulated market knowledge remains exploitable, and aligning re-entry strategies with the firm's capabilities and the host-country environment. These insights help practitioners navigate whether re-entry is feasible, under what conditions it becomes attractive, and how firms can optimize timing and resource allocation to ensure successful return.

In sum, by situating foreign market re-entry at the intersection of organizational learning (Anand et al., 2016; Barkema et al., 1996), internationalisation process theory (Johanson & Vahlne, 1977; Vahlne, 2020), and institutional theory (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978) and by grounding the analysis in an extensive set of real-world cases, this study advances both theory and practice. It explains why, when, and how firms return after exit and identifies the key changes required for re-entry to become sustainable and successful.

Second, research comparing re-entrants and first-time (novo) entrants remains extremely limited, Javalgi et al. (2011) remain the only study making this direct comparison. Yet, distinguishing re-entry from novo entry is essential for understanding internationalisation and organizational learning processes, particularly with regard to whether re-entrants possess meaningful advantages from prior operations or whether they face liabilities stemming from earlier failures. Study 2 addresses precisely this gap by examining foreign market re-entries in the fast-food industry - an industry especially prone to repeated cycles of entry, exit, and re-entry.

The research investigates how fast-food chains re-enter foreign markets, focusing specifically on how re-entrant firms differ from novo entrants and the extent to which they can benefit from initial market knowledge. The study addresses two key research questions:

(1) How do re-entrants differ from novo entrants?,

(2) How can fast-food chain re-entrants profit from their initial market knowledge?

These questions are positioned within broader theoretical discussions on behavioural constraints, resource allocation, and internationalisation learning.

Methodologically, the study adopts a qualitative, comparative case-study approach based on secondary data - including newspaper articles, company reports, and corporate websites. Six re-entry cases from the fast-food sector were examined: Burger King in Israel, Wendy's in Japan, Popeyes in South Korea, A&W in Singapore, McDonald's in Trinidad & Tobago, and Dunkin' in the United Kingdom (UK). The textual data were systematically analysed using open, axial, and selective coding procedures to uncover patterns, identify re-entry

mechanisms, and construct a theoretical model explaining the behaviour of re-entrant firms. The theoretical findings show that re-entrants benefit only modestly from their prior experience. While they typically possess enhanced market knowledge, stronger brand awareness, and improved ability to select suitable partners relative to novo entrants, the challenges they face in foreign markets remain largely comparable. Drawing on behavioural theory concepts (Cyert & March, 1994) - particularly bounded rationality, imperfect environment matching, and unresolved conflict - the study explains why re-entrants' learning is constrained. Their previous experience does not automatically translate into superior resource allocation or market adaptation. Instead, re-entrants frequently must adjust governance structures, localize product offerings, refine operational routines, and manage relational tensions with partners to overcome cognitive and organizational limitations that persist from the prior market attempt.

In practical terms, the findings caution managers against overestimating the ease of re-entry simply because the market is familiar. Success depends on actively leveraging relevant prior knowledge, carefully selecting and managing partners, and tailoring operations to fit local market conditions - while recognizing that informational constraints and organizational frictions still apply. Because re-entrants and novo entrants confront many of the same external challenges, realistic expectations, continuous learning, and iterative adaptation are critical. The study emphasizes the importance of aligning partner incentives, managing conflicts, and strengthening governance to improve the likelihood of successful re-entry.

In summary, this research contributes a refined behavioural understanding of foreign market re-entry in the fast-food industry. While re-entrants possess certain initial advantages, their ultimate success depends less on prior experience itself and more on their ability to overcome behavioural limitations, adapt strategies to local conditions, and manage partnership dynamics effectively.

Third, although prior research has occasionally addressed performance after re-entry in the context of export markets (Chen et al., 2019, p. 164; Dominguez & Mayrhofer, 2017, p. 1059; Lee et al., 2014, p. 1047; Vissak et al., 2012, pp. 287-288; Vissak & Zhang, 2016, p. 216), no study to date has examined the broader question of foreign market re-entry performance across different entry modes and industries. The evidence remains mixed: while some firms benefit from accumulated knowledge and relationships, others experience repeated failure when they do not adequately learn from past shortcomings (Palmer, 2004, pp. 1088-1089; Vissak & Francioni, 2013, p. 956). Recognising this important gap, Study 3 directly examines market re-entry performance in the automotive industry, thereby responding to Sousa et al. (2021, p. 14) explicit call for more research on this dimension. The study investigates when car manufacturers that return to previously exited foreign markets perform well, and how they can leverage their initial market knowledge. The central research question is therefore:

(1) Under what conditions do market re-entrants achieve successful performance outcomes in

foreign markets?

Framing the inquiry within the RBV and Organisational Learning Theory (OLT), the study conceptualises re-entry not as a continuation of prior internationalisation but as a dynamic process involving capability reactivation, adaptation, and reconfiguration (Mohr et al., 2018; Schmid & Morschett, 2023).

To address these questions, the authors employ a comparative multi-case study design analysing 26 automotive re-entries, following established approaches in international management research (Eisenhardt, 1989; Yin, 2009, p. 28). Secondary data were collected from over 500 newspaper articles, industry reports, annual reports, and sales statistics. Open, axial, and selective coding techniques (Strauss & Corbin, 1990, pp. 61, 96, 116) were used to identify patterns in performance before exit, reasons for leaving, the learning process, and subsequent performance after re-entry, allowing the authors to develop a typology of re-entry outcomes.

The findings make several theoretical contributions. First, the study shows that Organisational Learning (OL) and the RBV play central roles in shaping re-entry performance. Firms differ systematically in their ability to reactivate, renew, or reconfigure their resources and these differences underpin the four major re-entry groups identified. Group 1 comprises firms with weak sales, low brand strength, and limited learning, resulting in continued underperformance after re-entry. Group 1b firms show modest learning (e.g., adding local production) but still fail to compete effectively due to late market entry or insufficient resource renewal. Group 2 contains firms that were originally successful but exited due to external shocks (e.g., sanctions, crises). These firms typically perform well upon return because they can reactivate retained knowledge, brand trust, and relationships (e.g., Ford South Africa; Ford Philippines). Subgroup 2b includes firms whose renewed success is short-lived due to persistent external barriers, as illustrated by the repeated withdrawals of Peugeot, Daimler, and Volkswagen from Iran amid renewed sanctions. Group 3 consists of brands with initially poor results that engaged in deep learning and extensive resource reconfiguration, enabling successful re-entry (e.g., Suzuki South Africa; Renault India). These firms exemplify double-loop learning (Argyris & Schön, 1978, pp. 20-26), involving the questioning and replacement of prior strategic logic. Group 4 features brands that succeed upon return primarily due to favourable environmental changes, such as regulatory reforms or technological readiness, rather than learning (e.g., Toyota Mexico; Tesla Singapore).

Across these groups, the study demonstrates that re-entry performance hinges on firms' ability to preserve, renew, or reconfigure valuable, rare, inimitable, and non-substitutable resources (Barney, 1991; Daft, 1983, p. 71), and on their capacity for learning, unlearning, and strategic adaptation. External market conditions, such as sanctions, political stability, or regulatory developments, emerge as powerful moderators that can either amplify or constrain firm-level capabilities, showing that OL is bounded by environmental volatility.

From a managerial perspective, the study highlights that successful re-entry depends on

aligning product offerings with local consumer needs, rebuilding brand trust, and investing in local capabilities. Firms that failed to address prior shortcomings or adapt to host-market requirements generally continued to underperform, while those that engaged in serious learning and resource reconfiguration achieved sustained improvements. Companies with strong pre-exit success, particularly those forced to leave, often regained market share more easily due to preserved brand equity and partnerships. However, reliance on external brand reputation alone was insufficient, especially in highly competitive or volatile markets.
In summary, the study shows that re-entry performance varies widely across automotive firms and depends on the interaction of learning depth, resource renewal, and contextual adaptation. Some firms successfully leverage retained knowledge, particularly when previous exits were externally driven, while others repeat past mistakes, and still others succeed primarily because external conditions changed in their favour. By integrating the RBV and OLT, the study deepens understanding of how firms' capabilities, learning processes, and the external environment jointly shape foreign market re-entry outcomes.

The three empirical studies of this dissertation are anchored in several theoretical perspectives. Most centrally, the organizational learning framework explains how past international experience may translate into knowledge that benefits firms during re-entry (Barkema et al., 1996; Sapienza et al., 2006). Consequently, re-entry can be seen more as a path-dependent process according to the newer findings in the internationalisation process literature (Vahlne, 2020). The RBV (Barney, 1991) contributes by illuminating how firms' resource endowments and capabilities shape re-entry success, while the institutional theory perspective (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978) sheds light on the external constraints and pressures within host environments. Furthermore, behavioural theory was used to bring in a new theoretical perspective into the field of market re-entry (Cyert & March, 1994). Together, these lenses allow for a multi-dimensional analysis of re-entry dynamics that moves beyond descriptive patterns to theory building.

This dissertation is structured into six chapters. Following this introduction, Chapter 2 reviews the relevant literature on internationalisation and market re-entries in detail, identifying gaps and setting the stage for the empirical work. Chapters 3 through 5 present the three studies that make up the core of this research. Study 1 investigates the antecedents and changing conditions that lead firms to re-enter markets after an exit. Study 2 provides a comparative analysis of re-entrants and novo entrants, with a focus on the fast-food sector. Study 3 explores market re-entry performance across modes of operation, addressing both positive and negative outcomes. Finally, Chapter 6 concludes the dissertation by summarizing the key findings, discussing theoretical and managerial contributions, recognizing limitations, and outlining avenues for future research.

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# 2. Theory

## 2.1. Overview of re-entry studies

In the following chapter, an overview of previous research and the used theories is given (see tables 2.1, 2.2 and 2.3). Generally, it can be said due to the complexity of the topic a big number of theories and theoretical concepts play a role in re-entry research.

The literature review by Sousa et al. (2021, pp. 4-6) gives a coherent overview of the re-entry literature until 2020. For the completeness, the papers that have cited Sousa et al. (2021) and are relevant for this dissertation were added to the following list:

| Authors | Theories | Focus | Core ideas |
|---|---|---|---|
| Hadjikhani (1997) | Internationalisation process model (IP-Model), stage model (S-model) | Revisiting the internationalisation process based on nine Swedish MNCs operating in Iran covering a 30-year span | 1. The difference in intangible commitment and general market knowledge, result in re-internationalisation (re- entry) in a different period.<br>2. Market competition, network with agents, and the length of time-out period are related to re-entry likelihood. |
| Welch and Welch (2009) | Internationalisation theory, process approach | Construct of re-internationalisation process | 1. The re-internationalisation framework based on the process approach.<br>2. Three sets of forces driving re-internationalisation: the assets and liabilities from previous international operations; new international influences after exit; and experience of the process stage from exit to re-entry. |
| Nguyen and Kock (2016) | Internationalisation theory, entrepreneurship perspective | Re-internationalisation strategies | 1. The rationale of SMEs' re-entry to exited market is associated with the psychological traits of entrepreneurs, their experience, and foreign language knowledge.<br>2. Entrepreneurs with high internal locus of control, high-risk propensity and lacking foreign language knowledge will re-enter exited market with the same products and same entry mode.<br>3. Entrepreneurs with high positive experience will re-enter exited market with new products and new entry strategies. |

*Table 2.1: List of conceptual studies in re-entry reproduced from Sousa et al. (2021, p. 4)*

| No. | Authors | Research focus | Context | Home country | Host country | Method | Sample |
|---|---|---|---|---|---|---|---|
| 1 | Bala and Subramanium (1996) | Examine the role of strategic alliances in re-entering abandoned markets and the rationale for re-entry | Coca-Cola re-entering India | USA | India | Case study, interview & survey | 270 (67.5%) |
| 2 | Roberts and Tybout (1997) | Quantify the effect of prior export experience on foreign market entry | Colombia export plants | Colombia | Multiple countries | Quantitative (Probit model), Secondary data (1981–1989) | 2`369 plants (1981–1989) |
| 3 | Palmer (2004) | Explore the lessons learned from international retail divestment and market withdrawal experience | UK retailer Tesco in Ireland and France | UK | Ireland and France | Interpretative case study, interviews | 1 case (33 interviews) |
| 4 | Crick and Chaudhry (2006) | How international activities change after discontinuing exporting | UK SMEs in electronic industries | UK | Multiple countries | Qualitative, interviews - follow up study | 12 firms with interest to restart export |
| 5 | Blanes-Cristóbal et al. (2008) | Sunk entry/re-entry costs among different markets | Spanish manufacturers export to EU, OECD, ROW | Spain | Multiple countries | Quantitative (Probit model), secondary data | 756 (1990–2002) |
| 6 | Cairns et al. (2010) | The role of leadership on divestment and strategic response to divestment | UK retailers in different sectors | UK | Multiple countries | Case study, secondary data | 7 cases (1987–2008) |
| 7 | Vissak (2010) | Conception of nonlinear internationalisation | Estonian firms in four industries | Estonia | Multiple countries | Interviews & secondary data | 4 cases |
| 8 | Javalgi et al. (2011) | Difference between de novo entry and re-entry, the role of knowledge in market re- entry, and re-entry objectives and decisions | MNCs in emerging economies in multiple industries | Multiple countries | Multiple emerging countries | Qualitative, interviews & secondary data | 30 cases |
| 9 | Vissak et al. (2012) | Discussing the nature of nonlinear internationalisation | Italian family SME in mechanical sector | Italy | Multiple countries | Case study, interviews conducted in different years | 1 case (2000–2011) |
| 10 | Blum et al. (2013) | What drives export entry and exit behaviour at the firm and market levels | Chilean manufacturing firms | Chile | Multiple countries | Quantitative (linear Probit model), secondary data | 456 exporters (1992–2005) |
| 11 | Freeman et al. (2013) | How managers move through exit to re-entry and how they choose their internationalisation pattern | Australian born-globals in knowledge intensive industry | Australia | Multiple countries | Qualitative quasi-longitudinal study, interviews | 9 cases (26 interviews) (2001–2008) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 12 | Vissak and Francioni (2013) | The nature and cause (why) of serial nonlinear internationalisation | Italian machinery producers operating in 30 countries | Italy | Multiple countries | Exploratory case study, interviews & secondary data | 1 case (2000–2011) |
| 13 | Zhang and Larimo (2013) | Longitudinal internationalisation of born globals with a focus on the foreign market exit and re- entry | Chinese manufacturing born-globals | China | Multiple countries | Multiple case studies, interview | 3 cases (1996–2011) |
| 14 | Choudhury and Khanna (2014) | Evolution of MNCs in response to host country policy regime change | MNCs in India under two policy shocks | Netherlands and USA | India | Case study, secondary data (historical analysis) | 4 cases (1858–2013) |
| 15 | Figueira-de-Lemos and Hadjikhani (2014) | Managerial decision framework to deal with internationalisation (market commitment) in stable or dynamic environments | Swedish MNCs operating in Iran | Sweden | Iran | Case study (‘abductive’ approach), interviews & secondary data | 9 cases (93 interviews) (1962–1992) |
| 16 | Lee et al. (2014) | The roles of learning and commitment in the relationship between crisis and bank internationalisation | South Korean commercial banks during stable and crisis periods | South Korea | Multiple countries | Exploratory case study, interviews & secondary data | 6 cases (26 interviews) (1997–2010) |
| 17 | Donze (2015) | When and how firms implement re-entry strategies and its outcomes | Siemens construction of hospitals in Latin America | Germany | Latin America | Single case study, secondary data | 1 case (1949–1964) |
| 18 | Heyman and Tingvall (2015) | The impact of institutional quality on offshoring | Swedish firms in 113 source | Sweden | Multiple countries | Quantitative, secondary data (OLS) | 2`200 in re- entry sample |
| 19 | Vissak and Masso (2015) | Internationalisation pattern and the criteria to distinguish | Estonian exporters | Estonia | Multiple countries | Quantitative, secondary data (descriptive analysis) | Average 6`012 exporters/ year(1995–2012) |
| 20 | Vissak and Zhang (2015) | Entry, exit and re-entry behaviours and difference between three types of nonlinear internationalisers | Chinese MNCs | China | Multiple countries | Quantitative, survey | 278 (72.8%) |
| 21 | Fratocchi et al. (2015) | To conceptualize back- reshoring as a step of the firms’ internationalisation process | Multiple industries in several countries | Multiple countries | Multiple countries | Secondary data | 427 cases belonging to 342 companies |
| 22 | Bernini et al. (2016) | How firm characteristics and market conditions interact to affect the decision to exit and re-enter exporting | French manufacturing exporters | France | Multiple countries | Quantitative, secondary data (Probit model) | 47`635 (exiters) 18,809 (re-entrants) (1997–2007) |

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|---|---|---|---|---|---|---|---|
| 23 | Nummela et al. (2016) | Dynamic nature of failure - the antecedents, emergence and consequences of the failure process | Finnish and Irish software INVs | Finland and Ireland | Multiple countries | Exploratory case study, interviews & secondary data | 4 cases |
| 24 | Vissak and Zhang (2016) | Nonlinear internationalisation of born- globals | Belarusian door producer | Belarus | Multiple countries | Case study, interviews & secondary data | 1 case (2000–2015) |
| 25 | Bunz et al. (2017) | How professional service INV learns, and adapts its human capital requirements during internationalisation | German INV in the professional service sector | Germany | Russia and France | Inductive case study, interviews & observations & secondary data | 1 case (2002–2011) |
| 26 | Dominguez and Mayrhofer (2017) | Internationalisation stages of traditional SMEs and the links between them | French manufacturing SMEs | France | Multiple countries | Qualitative, interviews & observation | 5 firms (66 interviews) |
| 27 | Francioni et al. (2017) | How network relationships influence the internationalisation of late starters | Small Italian wine producers | Italy | Germany, Australia, USA, UK, Norway, Austria | Case studies, interview & secondary data | 4 firms |
| 28 | Görg and Spaliara (2018) | Link between firms' financial health and export exit in crisis period | UK firms in manufacturing industry during financial crisis | UK | Multiple countries | Quantitative (complementary log- log model), secondary data | 1`927 (re-entry) (1989–2009) |
| 29 | Kriz and Welch (2018) | How process of new technological development affects a firm's internationalisation | Australian firms in four industries with different technologies | Australia | Multiple countries | Qualitative (case study, interviews) | 8 firms (55 interviews) |
| 30 | Ojala et al. (2018) | Influence of technological development on internationalisation of digital-based INVs | Digital platform provider | Japan | Multiple countries | Qualitative (case study), interviews & secondary data | 1 firm (29 interviews) (2000–2017) |
| 31 | Surdu et al. (2018) | Antecedents of speed of re- entry into previously exited markets | MNEs in automotive, financial service retailing and industries | Multiple countries | Multiple countries | Quantitative (Cox proportional hazards model), secondary data | 1`020 events (1980s-2016) |
| 32 | Yayla et al. (2018) | Antecedents of exit and re- entry decisions | Turkish textile SMEs in Egypt | Turkey | Egypt | Quantitative (CFA/ variance-adjusted weighted least squares), survey | 156 (19.6%) 63(re-entry) (2010–2015) |
| 33 | Ali (2019) | Differences in firms' choices in operation modes between re-internationalisation phase and initial internationalisation phase | Indian firms | India | Multiple countries | Quantitative (descriptive analysis, survey) | 73 firms |

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|---|---|---|---|---|---|---|---|
| 34 | Chen et al. (2019) | The dynamic relationships between exit and re-entry with moderating effect of the time-out period | Chinese exporters in manufacturing industry | China | Multiple countries | Quantitative (Probit models general linear regression), secondary data | 17`873 exit/8288 re-entry |
| 35 | Love and Máñez (2019) | Cumulative and punctuated learning effects on export persistence | Spanish manufacturers | Spain | Multiple countries | Quantitative (discrete time proportional secondary data hazard model), | 2`538 export spells (1992–2013) |
| 36 | Shahid and Hallo (2019) | The role of networks in facilitating SMEs from emerging markets subsequent exit and reentry, and to build the theory of this process. | Pakistani and Chinese entrepreneurial firms | Pakistan and China | Multiple countries | Qualitative (case study), interviews | 9 firms |
| 37 | Surdu et al. (2019) | Antecedents of foreign market re-entry commitment strategies | MNEs in automotive, retailing and financial service industries | Multiple countries | Multiple countries | Quantitative (binomial logistic regression model), secondary data | 1`020 events (1980s-2016) |
| 38 | Vissak et al. (2020) | The role of knowledge, network relationships and decision-making logic in the internationalisation process – foreign market entries, exits and re-entries | Italian firm operating in foreign markets | Italy | Multiple countries | Qualitative (case study), interviews | 1 firm |
| 39 | Vissak and Francioni (2020) | The role of different factors influencing the re-internationalisation process | Italian and Estonian Firms | Italy and Estonia | Multiple countries | Qualitative (case study), interviews | 4 firms |
| 40 | Treviño and Doh (2021) | The role of both the external context and the internal processes leading to internationalisation decisions | US firm operating in China | USA | China | Qualitative (case study) | 2 firms |
| 41 | Surdu and Narula (2021) | A comparison of the re-internationalisation of emerging market v developed market multinationals | MNEs across different sectors | Multiple countries | Multiple countries | Quantitative (Cox proportional hazards model), secondary data | 786 events (2000–2016) |
| 42 | Aguzzoli et al. (2021) | The roles of institutional voids and the experiences of decision-makers in the re- entry process | Brazilian firm operating in Mexico | Brazil | Mexico | Qualitative (case study), interviews | 1 firm |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 43* | Tang (2023) | How institutional unpredictability influences firms' foreign exit and re-entry decisions, and how different types of foreign ownership moderate these effects within the internationalisation process. | Emerging Market firms in foreign markets | Major Emerging Markets (Brazil, Russia, India and China) | Multiple countries (51 exit, 36 re-entry countries) | Quantitative (Cox proportional hazards model), secondary data | 1`005 firm exits<br>512 firms re-entry<br>(2010-2019) |
| 44* | Mariotti et al. (2023) | How different ownership types (relational vs. transactional) shape firms' likelihood to divest from and reinvest in foreign markets | Foreign FDI by Italian companies in the manufacturing industry | Italy | Multiple countries (2421 investment cases in 92 countries)<br>294 divestment<br>79 re-investments | Quantitative (linear probability model, simple probit and panel probit) (secondary data 2000-2015) | 602 Italian firms (2000-2015) |
| 45* | Khan et al. (2023) | To understand the dynamics underpinning the exit and re-entry strategies adopted by multinational enterprises (MNEs) in an emerging market, Pakistan | Yamaha in Pakistan | Japan | Pakistan | Qualitative (Case study) | 1 firm |
| 46* | Crick et al. (2023) | How firm governance and stakeholder influences shape decision-making in international new ventures' re-internationalisation, through an effectuation lens, | 16 UK startups which are less than 5 years old | UK | North America or Europe | Qualitative (Case study), interviews | 16 firms |
| 47* | Martins et al. (2023) | Identify the key drivers and obstacles that lead companies to (re)/enter markets and distinguish the different paths SMEs take | 6 SME internationalisation process | Portugal | Multiple countries | Qualitative (Case study), interviews | 6 firms |
| 48* | Kuiken et al. (2024) | How family involvement in SMEs influences the adoption of intermittent exporting strategies beyond early internationalisation, with CEO and board members' foreign backgrounds moderating this relationship, tested through longitudinal data from Swedish firms | Swedish SMEs in manufacturing and retail that export | Sweden | Multiple countries | Quantitative (conditional risk set model) (secondary data 2004-2017) | 46`729 SME (2004-2017) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 49* | Freixanet et al. (2025) | To examine how exporters' time-out periods and re-entry to various export areas impact their knowledge stock and capacity to learn from foreign markets. | Spanish manufacturing firms that export | Spain | Multiple countries | Quantitative secondary data (logit model) (1990-2016) | 29`909 observations (1990-2016) For new product 29937 observations (1990-2016) for new process |

*Table 2.2: List of case and quantitative studies in re-entry reproduced and adapted from Sousa et al. (2021, pp. 5-6) (* are added papers to the list of Sousa)*

As mentioned before, there is the literature of Sousa et al. (2021), the review gives an overview of antecedents of re-entry which can be internal, external factors (e.g. firm characteristics, management characteristics, strategy, global environment, host country environment, home country environment) and also proposes a re-entry framework as shown in Figure 2.1. The literature review indicates several research gaps that need to be studied further and are addressed in this thesis.

First, the goal of re-entry, when they occur and factors that have an impact on re-entry decisions need to be studied in more detail (➔Addressed in Study 1).

Second, even though previous literature suggests that internal and external factors influence re-entry decisions. The literature is still not clear yet and rather fragmented. Therefore, more research is needed to understand re-entries better and differentiate them from novo entries (➔Addressed in Study 2).

Third, the review calls for more research on re-entry performance as it has not yet been the primary focus of any academic study (➔Addressed in Study 3).

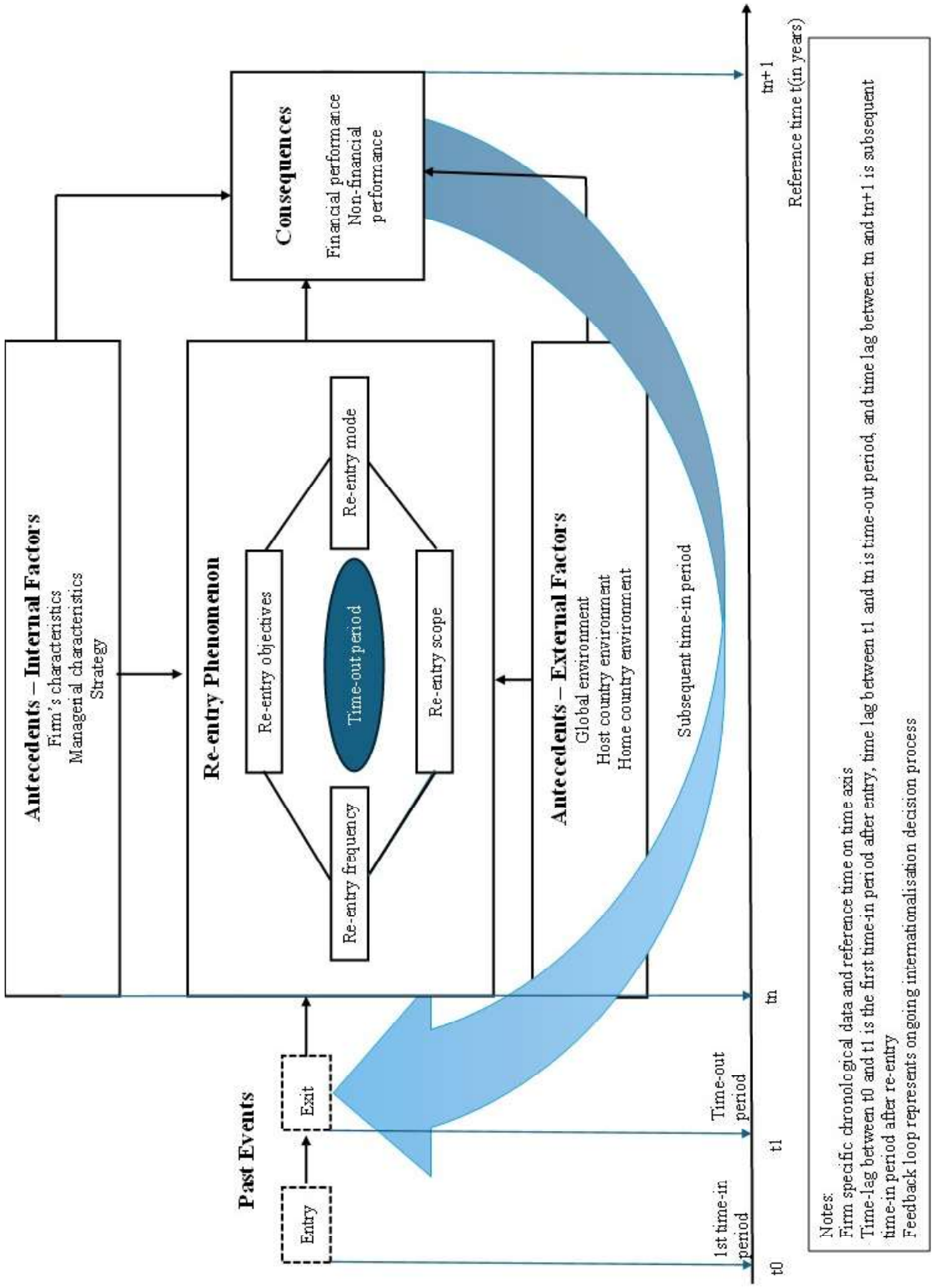


*Figure 2.1: The integrated framework of re-entry reproduced from Sousa et al. (2021, p. 15)*

## 2.2. Theoretical Concepts in Market Re-entry Research

| Theory | Number of | Theory |
|---|---|---|
| Internationalisation Process Model | 17 | Bernini et al. (2016), Crick and Chaudhry (2006), Crick et al. (2023)*, Dominguez and Mayrhofer (2017), Figueira-de-Lemos and Hadjikhani (2014), Freeman et al. (2013), Hadjikhani (1997), Kuiken et al. (2024), Martins et al. (2023), Lee et al. (2014), Mariotti et al. (2023)*, Martins et al. (2023)*, Nguyen and Kock (2016), Shahid and Hallo (2019), Tang (2023)*, Vissak et al. (2020), Welch and Welch (2009) |
| Organizational learning theory | 8 | Aguzzoli et al. (2021), Freixanet et al. (2025)*, Heyman and Tingvall (2015), Khan et al. (2023)*, Love and Máñez (2019), Surdu et al. (2019), Surdu et al. (2018), Surdu and Narula (2021) |
| Institutional-Based View | 7 | Aguzzoli et al. (2021), Heyman and Tingvall (2015), Khan et al. (2023) *, Surdu et al. (2019), Surdu et al. (2018), Surdu and Narula (2021), Tang (2023)* |
| Network theory | 5 | Francioni et al. (2017), Lee et al. (2014), Ojala et al. (2018), Shahid and Hallo (2019), Vissak et al. (2020) |
| Born-global theory | 3 | Dominguez and Mayrhofer (2017), Freeman et al. (2013), Zhang and Larimo (2013) |
| Resource-Based View | 3 | Bernini et al. (2016), Chen et al. (2019), Yayla et al. (2018) |
| Dynamic capabilities theory | 2 | Choudhury and Khanna (2014), Freixanet et al. (2025)* |
| Effectuation theory | 2 | Vissak et al. (2020), Crick et al. (2023)* |
| Contingency theory | 1 | Figueira-de-Lemos and Hadjikhani (2014) |
| Decision theory | 1 | Chen et al. (2019) |
| Discourse-based view | 1 | Treviño and Doh (2021) |
| International new venture | 1 | Ojala et al. (2018) |
| Socio-technical approach | 1 | Kriz and Welch (2018) |
| Resource dependency theory | 1 | Ojala et al. (2018) |
| Behavioural Agency Theory | 1 | Kuiken et al. (2024)* |
| Real Options Theory | 1 | Kuiken et al. (2024)* |

*Table 2.3: Theoretical approaches used in re-entry research reproduced and adapted from Sousa et al. (2021, p. 7) (* are added papers to the list of Sousa)*

Foreign market re-entry is a complex and multi-layered phenomenon that cannot be explained by a single theoretical perspective. Across the three studies of this dissertation, five theoretical lenses emerge as particularly central to understanding how and why firms decide to re-enter foreign markets, how they structure their return, and why some re-entry attempts succeed while others fail. These five perspectives - the IBV, the RBV, the IPM, OLT and Behavioural Theory - collectively provide a rigorous and comprehensive foundation for the analysis of re-entry. Their relevance stems both from their role in the existing literature and from the

empirical and conceptual insights derived in the three studies.

### 2.2.1 Institutional-Based View: Explaining the External Conditions That Enable Re-Entry

The IBV is a strategic framework that treats the rules of the game as the major driver of a firm's success and behaviour. While other theories focus on internal resources or industry competition, the IBV argues that the institutional environment - the formal and informal systems of a country - dictates what a company can and cannot do (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978).

According to Peng et al. (2009) at its core, the IBV is built on two pillars that shape international strategy. First formal institution, these are the explicit rules, such as laws, regulations, and judicial systems. Based on Weber (1978) theories of bureaucracy, these provide the predictability and legal-rational framework a firm needs to justify re-entering a market. Second informal institutions, these are the unwritten rules, including culture, ethics, and social norms. Drawing on Selznick`s (1949, 1957) work, this pillar highlights how firms must align with local values to gain social acceptance and legitimacy.

This perspective is highly relevant for this dissertation because foreign market re-entry frequently occurs after meaningful institutional changes have taken place in the host market. For firms considering re-entry, these pillars determine the predictability and social legitimacy of returning to a previously exited market.

***Institutional Quality and Commitment Levels***

Empirical evidence suggests a direct correlation between the host country's institutional evolution and the scale of a firm's return. Surdu et al. (2019, pp. 409, 414–415) found that improvements in host institutional conditions significantly influence changes in operation modes and commitment levels. Their research indicates that the institutional environment holds high explanatory power for re-entry, as firms are more likely to increase their commitment when the environment stabilizes or improves.

Conversely, the rationale for the initial exit can complicate this return. Surdu et al. (2019, p. 409, 414–415) noted that when firms exit for strategic reasons - often to reallocate limited resources to more significant markets - this prior experience may not influence their re-entry commitment. This is likely due to the depreciation of market-specific knowledge during the timeout period.

***Navigating Institutional Voids and Volatility***

When the institutional environment is less than ideal, firms must adapt their entry strategies to mitigate risk. Aguzzoli et al. (2021, pp. 416, 426–427, 429-431) argue that both market attractiveness and the regulatory environment dictate the specific operation mode chosen upon re-entry. In markets characterized by institutional voids, firms often utilize partnerships to acquire the necessary resources to overcome local deficiencies.

Furthermore, the speed and success of re-entry are moderated by both institutional quality and

ownership structures. First the speed of re-entry, a higher institutional quality generally facilitates a faster return to the market, though experienced firms often exercise more caution, tending to re-enter later than less experienced counterparts (Surdu et al., 2018, pp. 911, 925–926). Second the uncertainty mitigation, in volatile environments, foreign ownership - particularly host-country ownership - serves as a buffer against unpredictability. This allows firms to reduce costs associated with uncertainty and develop flexible strategies to adapt to institutional shifts (Tang, 2023, pp. 10–16).

The IBV is therefore essential for explaining why re-entry often follows institutional inflection points, and why firms' strategic decisions cannot be understood solely by analysing internal firm characteristics. In this dissertation, the IBV frames re-entry as a response to a changing external environment rather than as a mere continuation of firm-internal strategic considerations.

### 2.2.2. Resource-Based View: Understanding the Internal Capabilities and Constraints Affecting Re-Entry

The RBV explains firm performance by focusing on the internal resources as firm controls, rather than attributing competitive advantage to industry structure or external conditions. The RBV argues that firms differ because they possess heterogeneous bundles of resources, and that these differences can be sustained over time (Barney, 1991).

Barney (1991) defines firm resources broadly as all assets, capabilities, organizational processes, firm attributes, information, and knowledge controlled by a firm that enable it to conceive of and implement strategies that improve efficiency and effectiveness. These resources may be tangible, such as physical and financial assets, or intangible, including knowledge, reputation, and organizational culture. Human-based resources, such as managerial skills and experience, also play a critical role in shaping strategic outcomes.

However, the RBV emphasizes that not all resources contribute equally to competitive advantage. According to Barney (1991), only resources that satisfy the VRIN criteria - being valuable, rare, inimitable, and non-substitutable - can generate sustained competitive advantage. Valuable resources allow firms to exploit opportunities or neutralize threats, while rarity ensures that these resources are not widely held by competitors. Inimitability arises when resources are difficult to replicate due to unique historical conditions, causal ambiguity, or social complexity. Finally, non-substitutability ensures that no alternative resources can perform the same strategic function.

In sum, the RBV posits that sustained competitive advantage stems from a firm’s ability to acquire, develop, and deploy resources that meet the VRIN conditions. From this perspective, differences in firm performance are best explained by internal resource endowments rather than by external market forces alone (Barney, 1991).

***Managerial Capabilities and Re-Entry Speed***

Internal resources often act as the primary drivers behind the tempo of international movement. Bernini et al. (2016, pp. 1069, 1073) demonstrate that specific capabilities, such as advanced management skills, do more than just improve performance; they can delay a firm's exit from a market and subsequently lead to a faster re-entry. However, the authors caution that resources should not be viewed in isolation. Instead, they should be treated as one of several influential factors, as both internal assets and external environmental conditions must align to facilitate a successful return.

***The Performance Advantage and Decay of Past Resources***

A central tenet of the RBV in re-entry literature is the distinction between re-entrants and de novo (new) entrants.

Chen et al. (2019, pp. 164, 166) find that firms returning to a market possess valuable resources derived from their previous residency. These legacy resources provide a significant positive effect on re-entry performance, offering a competitive edge that first-time entrants lack. Further a critical constraint identified is that these advantages are perishable. Past information and market-specific resources tend to vanish or become obsolete as the duration of the timeout period increases, suggesting that the value of the RBV for re-entrants is time-sensitive.

***Relational Capital and Strategic Decision-Making***

Beyond tangible assets, intangible relational resources are vital for navigating a return. Yayla et al. (2018, pp. 1109, 1112) highlight the importance of relational capital, defined as the firm's access to market-specific networks, including local consumers and channel partners. Their research shows that the strength of these external-facing internal resources significantly dictates the initial re-entry decision, as established networks lower the barriers to regaining market share.

Taken together, RBV is indispensable in this dissertation because it explains why some re-entrants return stronger and others weaker, and why re-entry must be understood not only as a reaction to external change but also as a process of resource reactivation, recombination, and renewal.

### 2.2.3. Internationalisation Process Model: Positioning Re-Entry Within Firms' Long-Term Expansion Patterns

The IPM conceptualizes internationalisation as an incremental and experiential learning process, in which firms gradually increase their commitment to foreign markets as they acquire knowledge and reduce uncertainty Johanson and Vahlne (1977). In the revised IPM, the original model was extended by emphasizing the central role of business networks and relational knowledge in shaping international expansion. Internationalisation is thus viewed not only as a firm-level decision but as a process embedded in networks of relationships within and across national borders. From this perspective, possessing local networks in host markets

represents a significant competitive advantage, as these networks provide firms with access to critical market-specific knowledge, resources, and opportunities that would otherwise be difficult to obtain. Local relationships facilitate closer interaction with suppliers, customers, and other stakeholders, enabling firms to better understand local market conditions, build trust, and adapt their strategies accordingly. Through ongoing interaction within these networks, firms enhance their learning, reduce the liability of outsidership, and strengthen their position in foreign markets, thereby supporting sustained international growth (Johanson & Vahlne, 1977, 2003, 2009; Vahlne, 2020).

In this dissertation, the IPM provides an important foundation for understanding re-entry as either a continuation or a restart of a firm's long-term internationalisation trajectory.

***Market Attractiveness and Institutional Triggers***

A central theme in re-entry literature is the firm's responsiveness to shifting external conditions. Javalgi et al. (2011, pp. 386–387) observe that companies often adopt a wait-and-see approach, delaying re-entry into high-risk markets until conditions improve, at which point they return with higher-commitment investment modes. This pattern is evident in various sectors. As explored in Retail and Banking. Tesco's return to Ireland was precipitated by increased market appeal and the opportunity to acquire a local competitor (Palmer, 2004, pp. 1075, 1088). Similarly, South Korean banks demonstrated a cyclical pattern, withdrawing during the financial crises of 1998 and 2008 and re-internationalising only as the economic climate stabilized (Lee et al., 2014, pp. 1043, 1045–1047).

Policy changes are often the primary catalyst for re-entry, particularly if regulatory hurdles caused the initial exit. Choudhury and Khanna (2014, pp. 133, 148, 162) highlight how global corporations adjusted their dynamic trajectories in response to Indian policy modifications.

***The Role of Knowledge and Relational Networks***

The revised IPM emphasizes that liability of outsider ship is a major barrier, which can be mitigated through networks.

In politically unstable environments, such as Iran, firms with strong political ties are more likely to re-enter and expand (Hadjikhani, 1997, pp. 43, 60). Figueira-de-Lemos and Hadjikhani (2014, pp. 332, 343) further argue that the speed and success of re-entry are directly correlated with the firm's level of market knowledge and its ability to maintain government ties during uncertain periods.

Vissak and Zhang (2015, pp. 33, 47) note that re-entry can be triggered by the specific achievement of winning back a former customer, reinforcing the IPM's focus on relational knowledge.

***Dynamic Trajectories and Uncertainty***

Recent contributions have expanded the IPM by categorizing the diversity of these patterns. Vissak and Masso (2015, pp. 652, 659) identified numerous distinct export patterns, suggesting that re-entry is a standard, albeit complex, feature of international trade. Tang (2023, pp. 6–16) enriches this by showing that firms dynamically adjust their presence based

on institutional unpredictability, using re-entry as a strategic tool to manage volatility.
Finally, Bernini et al. (2016, pp. 1058, 1069, 1072) emphasize that internationalisation is not irreversible. They discover that factors preventing a firm from leaving a market - such as stable conditions or embeddedness - are the same factors that facilitate a swift return if an exit does occur. This suggests that the timeout period is not a total break, but a phase within a broader, dynamic internationalisation process.
The IPM is thus particularly relevant because it explains the temporal and experiential dynamics of re-entry, demonstrating that firms' earlier presence in a market does not automatically translate into reduced risk or superior performance. Instead, re-entry reflects the accumulated, transformed, or sometimes lost experiential knowledge gathered over time.

### 2.2.4. Organisational Learning Theory: Explaining How Firms Learn, Unlearn, and Adapt Through Re-Entry

OLT says that OL is a process through which organizations acquire, interpret, and apply knowledge to adapt and improve their operations. It involves both the detection and correction of errors as well as the ability to leverage experiences - both successes and failures - to guide future actions. Moreover, OLT emphasizes the importance of learning from experience, asserting that organizations can grow and adapt over time by continuously evolving based on the knowledge derived from their actions. (Anand et al., 2016; Argyris and Schön, 1978; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006). According to Argyris and Schön (1978), OL is closely tied to learning cycles, particularly distinguishing between single-loop and double-loop learning. In single-loop learning, organizations make adjustments based on errors without questioning or altering their fundamental assumptions or policies. This type of learning is typically more incremental, with the goal of optimizing existing strategies or processes. In contrast, double-loop learning involves a deeper level of reflection and questioning, where organizations not only correct errors but also re-evaluate their underlying assumptions, strategies, and decision-making processes.
OLT is therefore critical for this dissertation because it explains why firms differ in their ability to translate experience into successful re-entry, and why re-entry can be understood as a dynamic process of strategic cognition, experimentation, and adaptation.

***The Perishability and Utility of Experience***

A significant challenge for re-entrants is the management of experience decay.
Surdu et al. (2019, pp. 409, 414–415) found that prior market experience often fails to significantly influence re-entry commitment, as the relevance of that knowledge weakens with the length of the timeout period.
Interestingly, firms tend to learn more effectively from market failures than from strategic exits. Even firms with brief prior tenures can benefit from this learning by consciously avoiding the replication of unsuccessful past commitment strategies (Surdu et al., 2019).
The utility of knowledge is also bound by the environment. If host market conditions change

drastically during a firm's absence, past knowledge may become redundant. Consequently, firms must quickly re-enter to exploit negative experiences before they lose their strategic value (Surdu & Narula, 2021, pp. 1, 12–13).

***Resource Reorganization and Strategic Partnerships***

Learning often manifests as the ability to reorganize internal structures to fit new market realities.

For born global firms, re-entry requires the learning capacity to concentrate core resources on key markets while forming strategic alliances to overcome financial constraints in secondary ones (Freeman et al., 2013, pp. 156, 171–174).

Aguzzoli et al. (2021, pp. 416, 426–431) emphasize that learning to find the right partners is essential for firms to compensate for past failures. However, they caution against overconfidence, where re-entrants overestimate the applicability of their initial learning.

***Exit as a Catalyst for Strategic Reflection***

Reframing the internationalisation cycle, OLT suggests that an exit should not be viewed merely as a withdrawal, but as an opportunity for reflective learning.

Vissak et al. (2020, pp. 28, 45–46) demonstrate that re-entry decisions are driven by internal evolutions in management and finance, as well as external shifts in the regulatory landscape.

In the banking sector, re-entry is often a calculated move to profit from latent market knowledge once institutional conditions improve (Lee et al., 2014, pp. 1043, 1045–1047).

***The Role of Unlearning***

Perhaps the most critical advancement in recent OLT re-entry literature is the concept of unlearning. Surdu and Narula (2021, pp. 12–13) argue that for a successful return, a company must not only apply learned experiences but also actively unlearn past behaviours that are no longer compatible with the current institutional environment. This process of discarding wrong behaviours is vital to mitigating the risk of repeating historical mistakes.

### 2.4.5. Behavioural Theory

The core idea of the behavioural theory of the firm is how business make decisions. The theory has three core ideas. The first core idea is bounded rationality, which refers to the limitations in information availability and cognitive processing that constrain actors' ability to make fully rational decisions. Because firms cannot identify an objectively optimal solution, they instead engage in a search for satisfactory alternatives that align with their organizational goals. In the context of re-entry, these objectives are typically focused on successfully re-establishing firm operations in a foreign market, where past experiences provide critical insights into decision-making (Cyert & March, 1994, pp. 1, 214-215).

The second core idea is imperfect environment matching, which suggests that the practices, rules, and strategies employed during re-entry are not exclusively shaped by the demands of the external environment. Instead, organizations must undergo a process of adaptation and learning. This learning process is particularly evident in re-entry events, where firms draw on

prior experiences to improve their strategies (Cyert & March, 1994, p. 215). Unlike new entrants, re-entrants have the advantage of past market experience, enabling them to identify what went wrong in previous attempts - such as ineffective distribution channels, unsuitable pricing strategies, or regulatory missteps. This prior experience strengthens their ability to adapt strategies more effectively in future market re-entries. Thus, the potential for organizational learning is greater in re-entries compared to new entries, where firms lack market-specific feedback and must rely on assumptions or generalized knowledge to develop their strategies (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47).

The third core idea is the unresolved conflict that arises from the fact that multiple actors often have differing interests, which cannot be fully addressed through contracts. As a result, firms are in a constant state of negotiation with their partners, and achieving consistent agreements is difficult (Cyert & March, 1994, p. 215). In the case of re-entry, firms can use their past experiences in the market to minimize such conflicts. By incorporating clearer partner guidelines and making more selective choices based on prior relationships, re-entrants are better positioned to navigate conflicts. Unlike new entrants, who must establish relationships without detailed prior knowledge of local partners, re-entrants benefit from their historical insights and can adjust their partner strategies accordingly. This experience gives them an advantage in anticipating and mitigating conflicts, thus improving their ability to achieve smoother partnerships during re-entry.

In summary, the Behavioural Theory of the Firm underscores that bounded rationality, imperfect environment matching, and the unresolved conflict among multiple actors are central to understanding organizational behaviour, particularly during market re-entry. These concepts emphasize the importance of learning from past experiences, adapting strategies, and navigating conflicts - all of which are crucial for successfully re-establishing operations in a foreign market. So far behavioural theory has not been used for re-entry research and gets explored in this dissertation.

### 2.5.6. Summary: Why These five Theories Are Central to This Dissertation

Taken together, the IBV, the RBV, the IPM, OLT and Behavioural Theory form a coherent and mutually reinforcing theoretical foundation for examining foreign market re-entry. They each contribute a distinct but complementary dimension:

- IBV explains when re-entry becomes possible and attractive.
- RBV explains what internal capabilities firms use - or fail to use - when re-entering.
- IPM explains how re-entry fits into broader internationalisation trajectories.
- OLT explains why firms differ in successfully leveraging past experience.
- Behavioural Theory explains why firms' decisions and adaptations remain imperfect, highlighting cognitive limits, routine misalignment, and partner conflict.

By integrating these five theories, the dissertation develops a holistic framework (see Figure 2.2) that captures the external triggers, internal resources, experiential processes, and learning and behaviour dynamics that collectively shape firms' re-entry behaviour and outcomes.

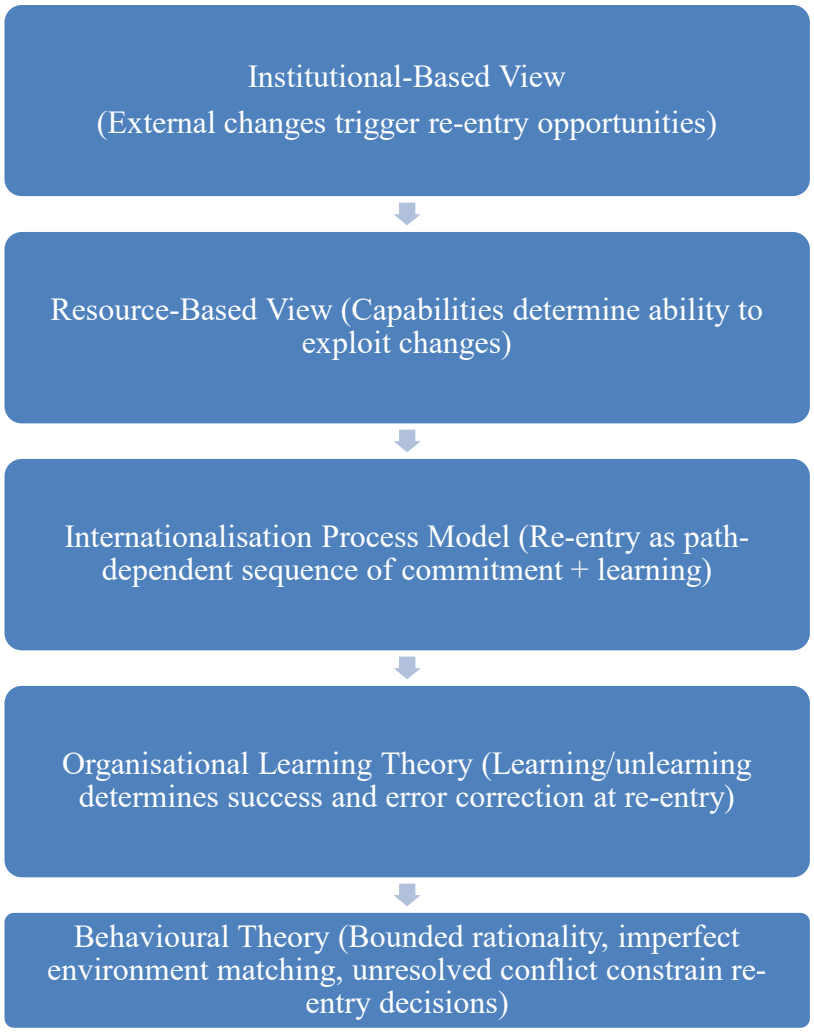


*Figure 2.2: Re-entry framework*

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# 3. Study 1 – Understanding Market Re-Entry: Key Changes Influencing Firms' Return to Foreign Markets[1]

**Abstract**

**Keywords: re-entry, change, organisational learning, internationalisation process theory, institutional theory**

This study investigates the critical factors that enable companies to re-enter foreign markets after exit, using a dataset of 140 re-entry cases compiled from 25,000 newspaper articles. Through cluster analysis of both quantitative and qualitative data, five dominant change factors were identified: strategy, financial condition, market attractiveness, regulatory environment, and partner/operation mode/business model. The findings reveal that re-entry reflects a path-dependent process, where firms leverage organizational learning and previous market knowledge - especially when re-entries occur quickly. Additionally, a favourable institutional environment significantly facilitates re-entry decisions. The study contributes to internationalisation process theory, organizational learning theory, and institutional theory by providing a nuanced model of market re-entry dynamics and practical guidance for managers considering re-entry strategies.

[1] Study 1 has been presented at EIBA 2024 as Ulrich, N.; Morschett, D.: Re-entry in foreign markets – What needs to change that a company re-enters a formerly exited market?
and at EIBA 2025 as Ulrich, N.; Morschett, D.: Re-entering foreign markets: What needs to change for a company to return after exiting?
It got rejected after an R&R at International Business Review as Ulrich, N.; Morschett, D.: Re-entering foreign markets: What needs to change for a company to return after exiting?
and currently has an R&R in process at Thunderbird International Business Review as Ulrich, N.; Morschett, D.: as Understanding Market Re-Entry: Key Changes Influencing Firms' Return to Foreign Markets

## 3.1. Introduction

Re-entry into a foreign market refers to a situation in which a company that has previously been active in a host country and then exited is now re-entering it (Welch & Welch, 2009, p. 568). Although market entries have been extensively researched (Liu & Hill, 2013; Sestu et al., 2023; Valdés-Llaneza et al., 2021) and there is quite some literature on divestments (Arte, 2023; Merkestein & Lindeque, 2020; Schmid & Morschett, 2020) less attention, has been paid to the phenomenon of market re-entries. Prominent cases from the built dataset include Peugeot, which re-entered the Iranian market in 2016 after the US lifted sanctions following its 2012 exit; UBS, which re-entered the Brazilian market in 2010 after selling its operations in 2009 owing to its near bailout during the 2008 great financial crisis; and Samsung Securities, which returned to Japan in 2009 after market competition decreased following its 2004 exit. Re-entries appear quite regularly; in their study Surdu et al. (2019, p. 402) analysed 1020 re-entries between 1980 and 2016. As it is important for academics and practitioners to better understand re-entry scenarios and how to address them, Sousa et al. (2021, pp. 15-16) call for more research on re-entry in their literature review. Novo entries (common name for the first entry according to Javalgi et al. (2011)) and re-entries may differ, and previous research has shown that re-entrants can to some extent profit from their initial market knowledge (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47). Furthermore, re-entrants can build on their old network for example by gaining back old customers at a market re-entry (Vissak & Zhang, 2015, p. 47).

Although the re-entry phenomenon can be commonly observed, it is still under-researched. Previous research has been predominantly qualitative (Aguzzoli et al., 2021; Khan et al., 2023; Shahid & Hallo, 2019; Treviño & Doh, 2021; Vissak & Francioni, 2013, 2020; Vissak et al., 2020) and quantitative research is rather scarce, with a major focus on export re-entry (Bernini et al., 2016; Chen et al., 2019; Ganotakis et al., 2022; Görg & Spaliara, 2018; Love & Máñez, 2019; Vissak & Masso, 2015). Empirical work on other re-entry operation modes, such as re-entry with WOS, JV, strategic alliances, and franchising, is limited. A few existing studies investigate companies from the same home country entering different foreign markets (Heyman & Tingvall, 2015). Currently, only three quantitative studies have conducted research on all operation modes in a more general manner (Surdu et al., 2019; Surdu et al., 2018; Surdu & Narula, 2021). Furthermore, one study has looked at the role of foreign ownership on firms exit and re-entry behaviour (Tang, 2023). This leaves many questions to be addressed. More quantitative studies in the re-entry sector are required to address some of the unanswered questions, as demonstrated by Sousa et al. (2021, pp. 13-15) in their literature review. These topics include the goals of re-entry, when they occur, and factors that impact re-entry decisions. Even though some effects could be expected to be like novo entries, research has not fully shown that yet. Therefore, more research needs to be done to fully understand the phenomenon from an academic side and help practitioners to handle re-entry

situations better. That's why, this study focuses on the reasons for re-entry, using an exploratory approach to examine three theoretical perspectives. First, from an OL perspective, organisations can develop and learn from their experiences. Therefore, organisations can generate and use knowledge within the organisation (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006). Second, from an internationalisation process perspective (Johanson & Vahlne, 1977) as newer research has shown a shift towards network and knowledge as relevant factors for firm's internationalisation process (Vahlne, 2020). Therefore, by profiting from old organisational knowledge, companies can internationalise better in case of a re-entry. Third, from an institutional theory perspective (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978) the environment is relevant to market choices (Surdu et al., 2018, p. 927; Xia et al., 2009, p. 1302).

This leads to two research questions:

RQ1: What factors in the market or company must change for a company to re-enter?

RQ2: Can we identify clusters of re-entry cases based on the combinations of their re-entry reasons?

## 3.2. Theoretical Background and Propositions

As Schmid and Morschett (2020, p. 8) show in their meta-analysis, parent firm-, subsidiary-, and host country-level antecedents lead to a firm's divestment of a market. For a re-entry, only host country- and parent-firm-level changes can lead a company to re-enter a foreign market because the subsidiary does not exist anymore at that point in time. The mentioned meta-analysis shows that factors such as a company's financial situation and market attractiveness have a significant effect on the likelihood of divestment. Therefore, the study investigates the influence of these variables on the re-entry decision. In addition, this study examines the regulatory environment of the market, management changes, institutional distance to the host market, and timeout periods. These variables cover the external and internal factors that lead to re-entry decisions in the framework of Sousa et al. (2021, p. 14). Although re-entry reasons are often unique, research suggests that some generalisations over those variables can be drawn, but slight differences still exist in all cases.

### 3.2.1. Overview of the Re-entry Literature

As previous research in the field of re-entry was predominantly case study research and quantitative research is rather scarce, many quantitative questions remain unanswered. Although there is still a gap in the literature, this study can use the findings of the few previous studies to determine the reasons for dominant changes for companies to re-enter a market.

Sousa et al. (2021, pp. 1, 5-7, 13-15) showed in their literature review on foreign market re-entry the most relevant studies in the field of re-entry, and they developed a model to show further research directions. In their empirical research on UK companies' re-entry into export markets during the 1990s and the 2007–2009 financial crises, Görg and Spaliara (2018, pp. 150, 159-160) discovered that financially stronger enterprises are more likely to re-enter. The

profitability and debt levels of the companies were used by the researchers to evaluate the financial conditions of their cases. According to their research, businesses that re-enter a foreign market tend to have better financial standing than those that withdraw from it permanently. In their case study of an Italian machine manufacturer, Vissak and Francioni (2013, pp. 951, 958) demonstrated that companies leave and re-enter markets when the circumstances are right, particularly for exports. In their literature review and research agenda paper on path dependency and material intentionality, Hutzschenreuter et al. (2007, pp. 1055, 1057) demonstrated how management intentionality, management experience, and management knowledge can affect a firm's internationalisation process. Therefore, this study argues that re-entry is a path-dependent approach (Eriksson et al., 2000). Re-entrants can build market knowledge in their first attempt. Research has shown that re-entrants can learn from first market experience (Javalgi et al., 2011, pp. 386-388; Vissak & Francioni, 2013, p. 960; 2020, p. 47; Vissak et al., 2020, pp. 1, 12). Therefore, old market knowledge is stored in their organisational memory and used at the re-entry (Walsh & Ungson, 1991). This is in line with the revised IPM of Johanson and Vahlne (1977, p. 28) which highlights, in addition, the role of networks and knowledge. Then having local networks in a host market can be seen as a competitive advantage for companies. Having a local network helps to better interact with suppliers and customers in host markets (Johanson & Vahlne, 2003, 2009; Vahlne, 2020).

#### *3.2.1.1. Internationalisation Process Theory*

In their quantitative research, Vissak and Masso (2015, pp. 652, 659) examined the export patterns of Estonian companies. With the discovery of 13 main and 11sub export patterns, their research contributes to the literature on internationalisation processes. They also recommended that future studies focus more on the financial indicators of re-entrants. In their qualitative analysis of 30 instances, Javalgi et al. (2011, pp. 386-387) showed that companies wait until the conditions change before re-entering markets with poor attractiveness and high risk. Their findings support internationalisation process theory, since they show that when market conditions improve, companies will re-enter with higher investment modes. According to Palmer (2004, pp. 1075, 1088)'s case study report on Tesco, Tesco returned to Ireland when the market became more appealing, and they had the chance to acquire a local retailer. Their study paper contributed to the internationalisation process literature. For their book chapter on China's patterns of multinational entry, departure, and re-entry, Vissak and Zhang (2015, pp. 33, 47) surveyed 278 Chines companies. They stated that re-entry can also occur when a business wins back a customer in a market, and their findings add to the literature on internationalisation process. In a quantitative study paired with four case studies, Choudhury and Khanna (2014, pp. 133, 148, 162) demonstrated how large global corporations responded to regulatory changes in India. They discovered that policy modifications could affect re-entry decisions, particularly if they were the original cause of exit. They contributed to the internationalisation process literature and proposed a new framework for dynamic trajectories

based on their findings. To assess the critique of the IPM, Hadjikhani (1997, pp. 43, 60) examined nine Swedish MNCs operating in Iran. They discovered that shifts in market attractiveness can influence re-entry decisions. Additionally, they demonstrated that businesses with strong political ties are more likely to expand into politically unstable nations. This clearly shows the relevance of operating a local network, which is in line of the revised IPM of Vahlne (2020). In their article on the internationalisation process in stable and unstable markets, Figueira-de-Lemos and Hadjikhani (2014, pp. 332, 343) demonstrated through an analysis of nine Swedish MNCs that a company's success and speed of re-entry are directly correlated with its level of market knowledge. Further, in politically uncertain contexts, ties with the government are important. They contribute to the internationalisation process theory through their study. In their study on French exporters re-entries into international markets, Bernini et al. (2016, pp. 1058, 1069, 1072) discovered that factors that often prevent enterprises from leaving a market led to a subsequent re-entry (a possible example could be stable market conditions, even though they did not research this in their study). This implies that a company, that left the market because the market attractiveness diminished, will return when the situation improves. By demonstrating that internationalisation is not irreversible, particularly regarding exports, their findings contribute to internationalisation process theory. In their study on the internationalisation of South Korean banks during times of crisis, Lee et al. (2014, pp. 1043, 1045-1047) demonstrated that South Korean banks typically withdrew from the market during times of crisis, such as the financial crises of 1998 and 2008, and they re-internationalised when things improved. Because they demonstrate how and when South Korean banks (re-) internationalised, their findings contribute to internationalisation process theory. Tang (2023, pp. 6-16) empirically investigates the foreign exit and re-entry dynamics of 512 firms across multiple emerging markets, extending internationalisation process theory by integrating institutional unpredictability as a key driver. The study reveals that firms dynamically adjust their international presence in response to changes in institutional uncertainty, with foreign ownership moderating these effects. These findings provide a nuanced understanding of how firms manage non-linear internationalisation trajectories through exit and re-entry decisions in volatile environments, enriching the theory with an institutional perspective.

#### *3.2.1.2. Institutional-Based View*

In their empirical study of foreign market re-entry commitment strategies, Surdu et al. (2019, pp. 409, 414-415) discovered that some companies leave countries for strategic reasons. Their research demonstrated that strategic exits had no influence on the re-entry commitment approach, probably because past knowledge was lost during the timeout period. This could be the result of businesses having limited resources; if they were to exit a market for strategic reasons, they would concentrate those resources on more significant markets rather than making a larger commitment to re-enter. Further, they detected highly significant results

regarding the impact of increasing host institutional conditions on changes in operation mode and commitment level. These findings add to institutional theory, as changes in the institutional environment can lead to changes in organisational strategies. The institutional environment has a high explanatory power for re-entries, as re-entrants increase their commitment to a market when the institutional environment improves. Aguzzoli et al. (2021, pp. 416, 426-427, 429-431) discovered in their case study paper on Brazilian multinationals in Mexico that the regulatory environment and the market's attractiveness can affect a re-entry operation mode. Furthermore, they demonstrated how decisions about re-entry are influenced by the institutional environment. Thus, it can also be that in a poor institutional environment, a company can overcome the void with a partner who brings the lacking resources to overcome the voids in the host country. In their empirical work on OL, institutional quality, and the speed of foreign market re-entry, Surdu et al. (2018, pp. 911, 925-926) showed that corporations can draw lessons from their first experience, such that more experienced re-entrants tend to re-enter later and that institutional quality affects the speed of re-entry in the sense that a better institutional environment leads to faster re-entry. Tang (2023, pp. 10-16) demonstrates how foreign ownership, especially host-country ownership, can moderate the effects of institutional unpredictability by reducing uncertainty-related costs and enabling firms to develop alternative strategies to cope with volatile institutional environments, thus deepening the IBV`s explanation of firm adaptation and strategic decision-making in international markets.

#### *3.2.1.3. Organisational Learning*

Freeman et al. (2013, pp. 156, 171-172, 174) examined nine Australian born globals and concluded that to (re-)enter new markets, born globals must be able to reorganise their assets. Their findings support OLT by indicating that businesses must be able to concentrate on key markets, therefore they need to understand which they are and allocate core resources to them. To overcome financial constraint in the other markets re-entrants, have to form alliances, therefore they have to learn to find suitable partners in those markets. Surdu et al. (2019, pp. 409, 414-415) add with their study to OL by showing that the effect of prior experience on re-entry strategies was not significant, and that experience accumulated in the market did not influence re-entry commitment. Further, their findings suggest that with a longer timeout period, the effect of prior experience in a market weakens. In addition, the findings suggest that companies tend to learn more from market failures than from strategic market exits. In addition, companies that have been active for only a short time in the host market can still profit from their accumulated experience, as the study shows they do not replicate unsuccessful commitment strategies. In their qualitative study of two Estonian and two Italian enterprises on re-internationalisation forms and their impact factors, Vissak et al. (2020, pp. 28, 45-46) discovered that re-entry decisions are influenced by changes in the company's resources and skills. This could involve adjusting to the company's financial situation and

management. Another conclusion drawn from their case studies is that re-entry decisions may be influenced by modifications in the business environment. This could be owing to a shift in the market or regulatory landscape. According to their findings, an exit may not always be viewed as a failure but rather as a chance for learning. This expands the ideas of OLT. Aguzzoli et al. (2021, pp. 416, 426-427, 429-431) show to conduct business, companies must understand the market, and it is advantageous if the market functions similarly to the home market. These results support the theory of OL when businesses realise that, to re-enter a market, they need the right partners, people, or circumstances to learn from their failures. However, re-entrants should not overestimate their initial learning and should be overconfident in a re-entry event. Lee et al. (2014, pp. 1043, 1045-1047) add in their paper on OLT, by showing that banks understand that the market conditions in a host market have improved, and they re-enter to profit from their knowledge. In addition, banks must learn about their host market, which they can do when they commit to a host market and build a network there to operate successfully. Surdu and Narula (2021, pp. 1, 12-13) demonstrated in their empirical study on OL and unlearning, as well as the distinctions between developed and emerging market multinational enterprises, that re-entry speed is affected by good institutional quality. If companies had negative experiences in the host market, they could better exploit this knowledge when they quickly re-entered the market. If the market conditions change between exit and re-entry, the knowledge gained can be useless in some cases. Thus, not all the knowledge gained can be used in a re-entry event. It is also important for companies to unlearn past behaviours to mitigate mistakes in the market. Therefore, for successful re-entry, a company must adapt to a specific market's institutional environment using learned experiences and unlearning wrong behaviours.

### 3.2.2. Critical Discussion of the Re-entry Literature

As numerous studies have focused on case studies (Aguzzoli et al., 2021; Choudhury & Khanna, 2014; Figueira-de-Lemos & Hadjikhani, 2014; Freeman et al., 2013; Hadjikhani, 1997; Lee et al., 2014; Palmer, 2004; Vissak & Francioni, 2013; Vissak et al., 2020), and some have added quantitative data to their findings (Choudhury & Khanna, 2014; Lee et al., 2014), the results may not be generalizable. This also applies to Javalgi et al. (2011) who used qualitative interviews and secondary data. Studies that have focused only on export re-entry (Bernini et al., 2016; Görg & Spaliara, 2018; Vissak & Masso, 2015) leave open questions on other operational modes such as JV and WOS. The fact that Vissak and Zhang (2015) examined only Chinese businesses casts doubt on the broad applicability of the findings. The three more general papers on re-entry - Surdu et al. (2019); Surdu et al. (2018); Surdu and Narula (2021) - left some questions unanswered by excluding factors such as the host country's Gross Domestic Product [GDP]/capita and nominal GDP, institutional distance between markets, and not looking into the financial situation of the companies and other firm-specific changes such as management change.

### 3.2.3. Propositions

Previous research suggests that different variables can influence re-entry decisions, leaving some open questions. Therefore, changes in financial conditions, host market attractiveness, regulatory environment, management, institutional distance to the host market, and the timeout period of a company will be further researched. Although re-entries are probably unique in their reasons, research suggests that they have common characteristics in the following variables:

#### *3.2.3.1. Change in Financial Condition*

The effect of financial conditions on re-entry decisions has been under-researched. An empirical study on exports found significant effects on the likelihood of export re-entry for more profitable and low-indebted companies (Görg & Spaliara, 2018, pp. 159-160). This implies that when a business leaves the market, which is often the result of a bad financial situation (Schmid & Morschett, 2020, p. 9), the financial situation needs to change before the company re-enters the market. Previous research suggests that financial resources can influence re-entry decisions (Vissak & Masso, 2015, p. 659). Even large corporations with limited resources, such as financial resources, can impact re-entry decisions (Surdu et al., 2019, p. 409). The availability of financial resources has a significant effect on internationalisation (Fletcher, 2001, p. 43) and de-internationalisation (Freeman et al., 2013, p. 166). Re-entry is influenced by changes in a firm's unique resources, which can be a change in financial resources (Vissak et al., 2020, p. 46). An example here is UBS, which sold its Brazil operations in 2009 because of the financial difficulties it faced after the financial crisis. After achieving financial stability, they returned to Brazil in 2010. As Aguzzoli et al. (2021, p. 430) argued, for successful re-entry, a company also needs the right circumstances, including the availability of sufficient financial resources. Then, with sufficient commitment to a market, re-entry can be successful, as companies can learn about the host market (Lee et al., 2014, pp. 1043, 1045-1047). As companies have limited resources, they need to allocate them to relevant markets and/or form alliances to overcome financial shortages (Freeman et al., 2013). Thus, from an OL perspective (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006); this clearly shows that they learned why they left, and as soon as the dominant problem was resolved, they re-entered and were able to further enhance their learning. From an internationalisation process point of view, companies re-enter markets when they can make profits in the host market (Lee et al., 2014, p. 1046; Vissak & Zhang, 2016, p. 223). Therefore, they need the financial capabilities to operate local operations successfully. Therefore, this study argues that a change in financial conditions can be the dominant reason for re-entry decisions. This result is consistent with prior findings.

Based on these arguments, this study proposes Proposition 1:

*P1: A positive change in the financial condition of a company can be a dominant reason for the re-entry of a company in a foreign market.*

#### *3.2.3.2. Change in Host Market Attractiveness*

Host market attractiveness positively influences re-entry decisions. A bad host market environment is one of the most common reasons companies exit foreign markets (Schmid & Morschett, 2020, p. 9). Therefore, the host market attractiveness must change so that companies can re-enter if it is a reason for the initial exit. In general, factors such as market size, which make exits less likely, also lead to re-entry (Bernini et al., 2016, p. 1069). If the demand for a product increase in a potential host market, this leads to increased re-internationalisation (Dominguez & Mayrhofer, 2017, p. 1060). During a crisis, companies tend to exit foreign markets and re-internationalise when market attractiveness improves (Lee et al., 2014, p. 1043). Changes in market attractiveness can lead to companies exiting and re-entering foreign markets (Hadjikhani, 1997, p. 60; Palmer, 2004, p. 1088; Vissak et al., 2020, p. 12). A change in market attractiveness can also mean that customers return; therefore, companies have a reason to re-enter a market (Vissak & Zhang, 2015, p. 47). According to OLT (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), this study argues that changes in host market attractiveness are relevant when host market attractiveness is the dominant reason for initial exit. Further, from an IBV (Parsons, 1956; Selznick, 1949, 1957; Weber, 1978) the market environment, such as market attractiveness, is a relevant variable for re-entry decisions and needs to be studied. Surdu et al. (2018) showed that a good institutional environment enhances re-entry speed, and companies can learn from their previous knowledge in the market. Therefore, if the institutional environment and host market attractiveness increase, it can be expected that more re-entrants will try to profit from their initial knowledge. This is in line with the updated IPM, which highlights the role of networks and knowledge (Vahlne, 2020). In this case, re-entrants can profit from their old organisational memory (Walsh & Ungson, 1991) when they return to a market as soon as the market conditions increase when this was the main exit reason. In addition, the research framework of Sousa et al. (2021, p. 14) suggests that the effect of the host country environment (like market attractiveness) on re-entry decisions needs to be further studied. An example here is Samsung Securities, which returned in 2009 to Japan after competition in the Japanese market became milder as US and European competitors reduced their operations in the country.

Thus, this study posits Proposition 2:

*P2: A positive change in the host market attractiveness can be a dominant reason for the re-entry of a company in a foreign market.*

#### *3.2.3.3. Change in the Regulatory Environment*

Studies on divestment have examined the effect of host country risk on divestment. Research suggests that a change in the regulatory environment of the host market is a relevant variable for exit and re-entry (Schmid & Morschett, 2020, p. 9). The regulatory environment influences companies' trust in foreign institutions and shapes their investment planning decisions (Hotho,

2014, p. 688). In general, the regulatory environment must be considered in re-entry decisions (Aguzzoli et al., 2021, pp. 426-427; Vissak et al., 2020, p. 45). Policy changes can influence re-entry decisions, especially when they are the reason for a previous exit (Choudhury & Khanna, 2014, p. 148; Javalgi et al., 2011, p. 383; 388). Political instability and connections can influence re-entry decisions. The better a country is known by a company, the faster it re-enters, and the more successful it is later in the market. Therefore, if the regulatory environment is stable enough for a re-entry (as seen in the cases of Swedish companies in Iran) companies can use their market knowledge and connections (Figueira-de-Lemos & Hadjikhani, 2014, p. 343; Hadjikhani, 1997, p. 60). Improvements in the regulatory environment led to higher commitment (measured by operational mode) among re-entrants (Surdu et al., 2019, p. 409). Therefore, according to the revised IPM of Vahlne (2020) re-entrants can use their network and market knowledge at a re-entry. The regulatory environment (such as the legal system, intellectual property rights, freedom to trade internationally, and regulations) has a positive influence on re-entry speed. For times longer than five years, this can enhance the effect of prior experience (Surdu et al., 2018, p. 925). In addition, host countries with stronger institutional quality have a positive effect on re-entry speed, but it is weaker for emerging market multinational enterprises than for developed market multinational enterprises (Surdu & Narula, 2021, p. 11). Market attractiveness and the market environment have to improve before a company re-enters (Javalgi et al., 2011, p. 386). Previous research has shown that chances of re-entry are higher in a better regulatory environment; therefore, a change in the environment is relevant for this study. Further, when looking at OLT, which states that companies can learn from their experiences (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), it could be expected that there is an increased use of the original learning in the case of an improved regulatory environment. A good institutional environment enhances re-entry speed, and companies can learn from their previous knowledge in a market (Surdu et al., 2018). If the institutional environment and the host market regulatory environment improve, it could be expected that re-entrants will try to profit from their initial knowledge. From an IBV (Parsons, 1956; Selznick, 1949, 1957; Weber, 1978), the market environment, such as the host market regulatory environment, is a relevant variable for re-entry decisions and needs to be studied. Moreover, the research framework of Sousa et al. (2021, p. 14) suggests that the effect of the host country's environment (such as the regulatory environment) on re-entry decisions needs to be further studied. An example is Peugeot, which returned to the Iranian market in 2016 after international sanctions were lifted.

Thus, this study posits Proposition 3:

*P3: A positive change in the host market's regulatory environment can be a dominant reason for the re-entry of a company in a foreign market.*

#### *3.2.3.4. Management Change*

A change in a firm's unique resources and capabilities can influence its re-entry. Part of the resources and capabilities is the management (Vissak et al., 2020, p. 46). Managerial intentionality, management experience, and knowledge can influence internationalisation process, and therefore, re-entry decisions (Hutzschenreuter et al., 2007, p. 1057). Managers must be able to restructure their company's finances and exit the market when necessary (Freeman et al., 2013, p. 171). Companies need management capable of dealing with international operations. If a company is lacking these skills, it must find a new manager capable of re-entering (Aguzzoli et al., 2021, p. 427). If a Chief Executive Officer (CEO) changes, companies tend to lose market knowledge and relationships with the government to operate successfully in the host market, which can negatively impact market performance (Lee et al., 2014, p. 1046). On the other hand, a change in CEO position can also be beneficial. If the old network fails in the market, it could be beneficial to add a new CEO with better capabilities to build relevant networks in the market. There is evidence that a change in CEO and top management has a positive effect on internationalisation (Liu et al., 2012, p. 73); however, there is also evidence that this effect does not occur when there are too many CEO changes (Elosge et al., 2018, pp. 374-375). Therefore, both directions are possible. OL argues that companies can learn from their experience (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006). The theory suggests that when the managers initially responsible for the companies do not have suitable capabilities for operation in that foreign market, a change in management is necessary; therefore, companies must learn that they need new managers with better-suited capabilities to succeed in that market. This manager then can add new knowledge to the company. However, it could also mean that the manager understood what went wrong the first time and thinks he/she can now resolve that issue and re-enter. CEO change and OL are connected processes that can affect a company's performance, especially in turbulent environments. CEO changes and changes in the executive team can increase overall firm performance and organisational change in a stable context (Tushman & Rosenkopf, 1996). A change in management can bring new knowledge and skills to an organisation and increase its ability to act in changing environmental conditions (Virany et al., 1992) and therefore also in market (re-)entry events. In a more stable environment, companies can profit more from their initial knowledge when sustaining their original CEO (Henderson et al., 2006). Therefore, according to the updated IPM by Vahlne (2020) old market knowledge and networks can be used from the CEO to reestablish the operations, if they return under the same CEO. If the CEO changes, the company follows more the original process of internationalisation by Johanson and Vahlne (1977, p. 28) as they have to build the knowledge and network first as the organizational memory can be expected to get smaller when the CEO changes. In addition, the research framework of Sousa et al. (2021, p. 14) suggests that the managerial characteristics of re-entry decisions need to be further studied. Therefore, changes in management were considered in this study. An example of a return with

the same CEO is the re-entry of Ferrari to India in 2015, when the company returned to the country as Ferrari had many customer complaints with its old partner, and they returned with a new one, so the CEO understood what went wrong and tried to do it better. An example of CEO change and a subsequent re-entry is the return of Burger King in Israel in 2016 after a 6-year absence. This was relevant as the company got sold in the timeout time and there was a significant push in re-internationalisation of the new management.
Thus, this study posits Proposition 4:
*P4: A change in the management of a company can be a dominant reason for the re-entry of a company in a foreign market.*

#### *3.2.3.5. Change in Institutional Distance to the Host Market*

Studies on divestment have examined the influence of cultural distance on divestment, and even though they did not find any significant effects, the research suggests that a change in distance to the host market is a relevant variable for exit and re-entry research (Schmid & Morschett, 2020, p. 9). Institutional distance (administrative distance) between two markets can increase the cost of internationalisation, leading to lower operational modes (Gelbuda et al., 2008, p. 3), and therefore, influence re-entry decisions. Economic distance is also relevant when a company re-enters (Ghemawat, 2001). Generally, it is easier for companies to enter similar markets (Aguzzoli et al., 2021, p. 426), which suggests that when economic and administrative distance decreases (changes in our favour), it is easier for a company to re-enter. As geographical and cultural changes generally do not change or only change slowly, they are not considered in this study. From the viewpoint of OLT, which argues that companies can learn from their experiences (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), institutional distance to the host market seems to be a relevant variable in cases where companies exit the market because of excessive market distance from the home market. This is also in line with the institution-based view (Parsons, 1956; Selznick, 1949, 1957; Weber, 1978), which suggests that the market environment matters. If the host market becomes more similar to the home market, re-entrants can benefit from their existing host-market networks when re-entering, as proposed by the IPM of Vahlne (2020).Therefore, if the institutional distance becomes smaller, the company feels more comfortable to re-enter and take advantage of their old market networks. Therefore, companies should feel more comfortable to re-enter again by using their organisational memory. Further, the research framework of Sousa et al. (2021, p. 14) suggests that the host and home country environments for re-entry decisions need to be further studied. This study will do that with a look at the change in administrative and economic distance between the home and host markets. An example here is the return of British insurer Aviva to Indonesia in 2010, after an absence of five years. A second potential example is the return of the British department store Debenhams to Russia in 2012, after an absence of five years. Both examples have seen a massive decrease in economic and administrative distance in timeout period

(economic: -48% [UK to Indonesia] and -58% [UK to Russia]; administrative: -47% [UK to Indonesia] and -33% [UK to Russia]).

Thus, this study posits Proposition 5:

*P5: A change in the institutional distance to a host market can be a dominant reason for the re-entry of a company in a foreign market.*

#### *3.2.3.6. Timeout Period*

According to the results of Surdu et al. (2018, pp. 923-925) on poor mode performance, a company should quickly re-enter the market to benefit from knowing what went wrong, particularly if it is the primary cause of failure. According to organisational unlearning research, companies lose knowledge and networks in the host market if they wait too long to return after exiting (de Holan et al., 2004; Navarro & Moya, 2005; Tsang & Zahra, 2008). Further, if more time passes, it becomes more difficult for companies to suitably use previously gained knowledge (Surdu et al., 2019, p. 414). Research on export re-entry has shown that re-entries tend to happen rather fast with most within the first year (Vissak & Francioni, 2013, p. 956; Zhang & Larimo, 2013, pp. 345, 348, 350). This is even more relevant for higher operations modes than export, which are studied in this study. Thus, it can be argued that the exit reason and motive for quick re-entry are tightly connected. When they can quickly resolve the problem and capitalise on their understanding of what went wrong, the company will re-enter. Therefore, re-entrants should be able to better profit from their old networks and organisational memory when re-internationalising (Vahlne, 2020; Walsh & Ungson, 1991). Then after divestment, the organization's host market knowledge and networks are slowly lost (de Holan et al., 2004; Navarro & Moya, 2005; Tsang & Zahra, 2008); however, if the firm re-enters the host market quickly, much of this knowledge and many of these connections can still be used. An illustration of this is Nissan's 2001 withdrawal from Vietnam owing to financial difficulties, which was followed by their re-entry after Renault invested in their company in 2004.

Thus, this study posits Proposition 6a:

*P6a: If a company re-enters after a short timeout period, the exit and re-entry reason are clearly related and the dominant reason for re-entry is a change in the dominant reason for prior exit.*

As an organisation undergoes unlearning, host market knowledge and networks gradually disappear (de Holan et al., 2004; Navarro & Moya, 2005; Tsang & Zahra, 2008). Therefore, the old market network gets also lost and can no longer be adequately used at the re-entry. Consequently, it could be anticipated that the corporation is less aware of the issues, and that re-entry is the result of a combination of various circumstances. The 2012 return of Carlsberg to Thailand following a nine-year absence serves as an illustration of an extended pause period. Owing to partnership conflicts, they left the country in 2003 and took a while to return. Here, it is no longer evident which factors - such as the availability of an appropriate partner,

less market competition, or the mother company's financial situation - were critical to re-entry. This is in line with Surdu et al. (2018, p. 927), as they showed that re-entrants first have to overcome the traumatic experience before re-entering. Therefore, it could be expected that multiple conditions need to have improved before they try a second attempt after a longer time. This is in line with the original IPM by Johanson and Vahlne (1977, p. 28) which emphasise the importance of market knowledge gained through experience in a host market (like at a novo entry). Which means also that new networks need to be built (Vahlne, 2020). Therefore, here the organisational memory (Walsh & Ungson, 1991) seems to be less relevant for re-entries with a longer timeout time.

Thus, this study posits Proposition 6b:

*P6b: When a company re-enters a market after an extended absence, the reasons for its initial exit and subsequent re-entry are often the result of multiple changes, as numerous factors typically evolve over time.*

#### *3.2.3.7. Model to be Analysed*

Among the theoretically developed propositions, this study analysed the model shown in Figure 3.1.

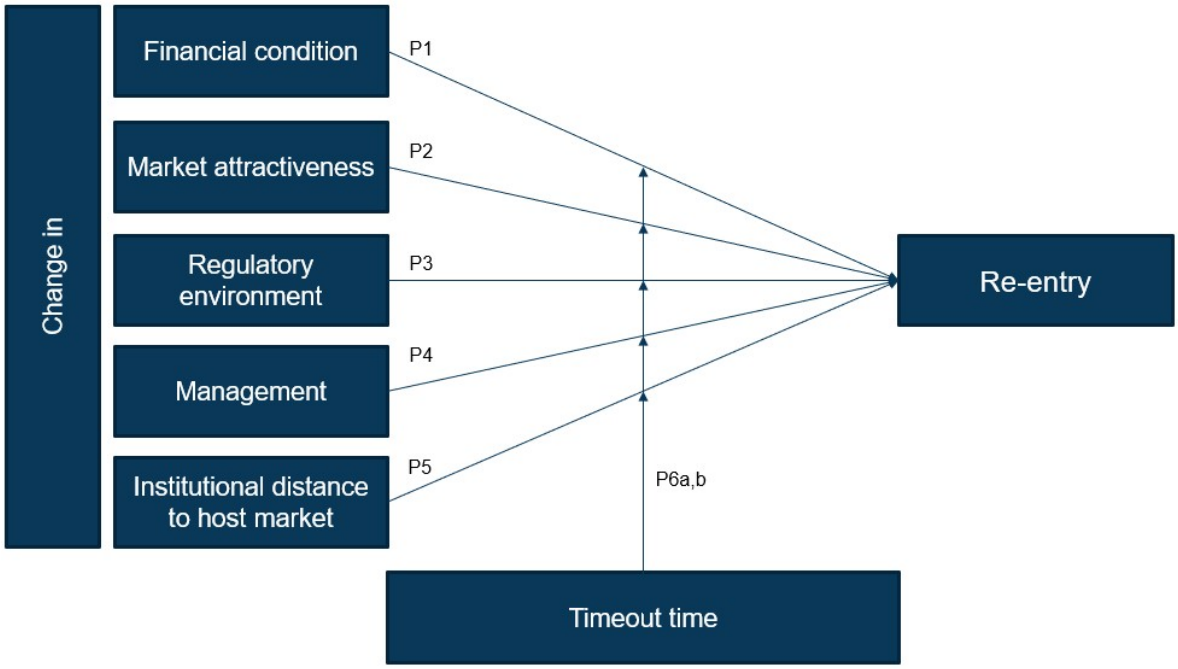


*Figure 3.1: Re-entry model to be analysed*

## 3.3. Methodology

These studies are based on an empirical dataset with secondary data on re-entry in foreign markets. For data collection, the study followed the processes applied by Surdu et al. (2019, pp. 400-402); Surdu et al. (2018, pp. 915-916); Surdu and Narula (2021, pp. 5-6). First, in the two databases, Factiva and Lexis Nexis, the authors conducted a word analysis using the same terms as in the three papers mentioned. These databases collect newspaper data over time. The used terms were 're-entry', 're-enter', 'return to', 'back in', 're-internat*' and 'market'. Additional filters were then applied to exclude papers that had nothing to do with the research topic (e.g. not pricing/prices, not advertising, and not corporate crime/legal action). For this study, the authors looked at all papers published until 2022. Developing the cases with newspaper articles is an appropriate method for re-entry cases. For a phenomenon like market re-entry or exit secondary data has been regularly used as the only source (Schmid et al., 2021, pp. 527-528; Schmid & Morschett, 2023, pp. 4-5; Surdu et al., 2019, pp. 400-402; Surdu et al., 2018, pp. 915-916; Surdu & Narula, 2021, pp. 5-6). If interviews were carried out today about events that took place many years ago, the memory of the respondents and several biases would occur. In contrast, newspaper articles by journalists report information based on their research and interviews on the cases at the moment it happened. Therefore, it can be expected that the information is more accurate. Furthermore, by using several newspaper articles for each case, data triangulation can be applied to secure the validity of the information. The search in the databases led to approximately 25,000 articles, which were carefully checked by the authors over several months to determine if they were relevant to this study. Of these, 898 potential re-entry cases were identified. For the dataset, 140 cases were used because some of the initial lists, after a closer look, had no re-entry, while for many others, relevant data were missing. The relevant variables were carefully collected for the 140 cases.

Two cluster analyses were performed using the data gathered from the dataset (Bacher et al., 2010, p. 15). Because it could be anticipated that different variables (reasons for re-entry) would stand out for different clusters, it is appropriate to use an exploratory approach to analyse the propositions. First, the numerical variables (such as GDP per capita and distance) were used to identify the re-entry clusters in the collected change variables. Next, the coded explanations from the qualitative content analysis out of the media articles were used for the second cluster analysis. To determine the number of clusters in the instances, a hierarchical cluster analysis was first performed (Bacher et al., 2010, pp. 285-297). To obtain further information about the cases, a k-mean cluster analysis was conducted (Bacher et al., 2010, pp. 301-348).

An overview of the variables in the two clusters is provided below.

### 3.3.1. Measurement for Cluster Analysis 1

For changes in financial conditions, the following variables were collected and calculated from the DataStream database, and the company reports the debt-to-assets ratio and Earnings

Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as a percentage of sales at exit and re-entry points. Second, the percentage changes in these variables were calculated. These are common financial measurements and, therefore, can be considered relevant variables for financial conditions.

For market attractiveness, the GDP/per capita of the host country was collected at the exit and re-entry points from the World Bank database. These variables are used as proxies for market attractiveness, as it is impossible to obtain clearer market data for different industries over the same timeframe and countries. Additionally, the GDP/per capita is frequently used in international research to measure market attractiveness. From these values, the percentage change in the GDP per capita of the host country was calculated.

For the regulatory environment, the Economic Freedom Index (EFI) of the Heritage Foundation and Fraser Institute was used. The reason for using both is that not all cases had values available for all years. As the two indexes measure similar dimensions (Heritage Foundation: property rights, government integrity, judicial effectiveness, tax burden, government spending, fiscal health, business freedom, labour freedom, monetary freedom, trade freedom, investment freedom, financial freedom (Heritage Foundation, 2024); Fraser Institute: size of government, legal system & property rights, sound money, tariffs, regulations (Fraser Institute, 2024)), this can be applied. As the scale of the Fraser index was 1–10 and that of the other was 1–100, the Fraser index values were multiplied by 10. These two indices are commonly used in international research to measure a market's regulatory environment. Data were collected at the exit and re-entry points, and the percentage change was calculated. In addition, data was collected on whether there was a major change in regulations between exit and re-entry in the host market, home market, or global institutions (e.g. international ban).

For the change in management value, the authors gathered the change in the executive board as a percentage between exit and re-entry, as well as whether the CEO changed. These variables are obtained from annual reports and the DataStream database.

For institutional distance to host market changes, the EFI value of the markets for administrative distance was collected. For economic distance, the World Bank's GDP per capita was used. Variables were collected at the exit and re-entry times. Using the adjusted cultural distance formula of Kogut and Singh (1988, p. 422) (Figure 3.2), administrative and economic distances were calculated for exit and re-entry times. The change in values was measured using two variables.

$$D_j = \{(I_j - I_u)^2 / V\}$$

Where $I_j$ stands for the index for the economic / administrative dimension and *j*th country (host country), V is the variance of the index of the economic / administrative dimension, u indicates the home country, and $D_j$ is the economic / administrative difference to the *j*th country (host country) from the home country.

*Figure 3.2: Calculation of the EFI distance, based on Kogut and Singh (1988)*

### 3.3.2. Measurement for Cluster Analysis 2

Cluster analysis 2 is using the reason the companies mentioned for their re-entry in the newspaper articles, which were then used for a qualitative content analysis (Weber, 1990). The content analysis checked what the companies said was their predominant reason for re-entering the market. This helps to clearly distinguish between changes that are crucial for the company's re-entry and those that support re-entry but are not the dominant reason for re-entry. These reasons can be coded into five groups: strategy, financial condition, regulation, market attractiveness, and partner/operation mode/business model changes (see Table 3.1 for detailed examples and a coding explanation). The five groups represent fundamentally different drivers of re-entry, which are widely recognized in the literature as either internal (within the firm) or external (in the market environment). Internal factors include strategy, financial condition, and partner/operation mode/business model, reflecting the firm's own resources, capabilities, and choices. External factors include regulation and market attractiveness, which pertain to the host country's environment, such as policy changes or shifts in demand (Sousa et al., 2021, pp. 10, 11, 14). In addition, the method was used to examine the relationship between exit and re-entry reasons to analyse Propositions 6a and 6b.

| **Code** | **Examples** |
|---|---|
| Change in financial condition | UBS:<br>"*UBS, hit hard by the global credit crisis, said the agreement to sell Banco Pactual to BTG Investments would result in a small loss* (Swissinfo.ch, 2009)."<br>"*With little choice but to raise capital after an unexpectedly difficult first quarter, UBS is selling its profitable Brazilian banking division* (Forbes, 2009)."<br>"*Lopes of Agora said that deal was primarily about UBS looking to return to Brazil, after last year selling its operations back to former executives and owners of the bank it had bought in 2006 - now known as BTG Pactual* (Bnamericas, 2010)."<br>"*The sale of Pactual was not a decision to exit Brazil but the result of a need to raise capital at a particularly critical time in the global crisis* (Wheatley, 2010)." |

| | |
|---|---|
| Change in market attractiveness | Samsung Securities:<br>"*South Korea's Samsung Securities Co will re-enter Japan, taking advantage of milder competition with the shrinking operations of U.S. and European brokers* (Reuters, 2009)." |
| Change in strategy | Sabadell:<br>"*Chairman Josep Oliu told Spanish financial daily Expansion that the bank's proposed expansion into Mexico would be a key part of its 2014-2016 strategic plan, to be unveiled early next year. Sabadell, Spain's fourth-largest banking group, exited the Mexican market a year and a half ago…*(EFE Newswire - Americas in Focus, 2013)." |
| Change in partner / operation mode / business model due to bad performance | Ferrari:<br>"*Mumbai: Ferrari, the famed Italian sports car, has re-entered India after a year-long wait. Following constant customer complaints, the carmaker had snapped its tie-up with Shreyans Group, the sole importer for Ferrari in India in 2014* (Diligent Media Corporation, 2015)."<br>Mahindra & Mahindra:<br>"*Mahindra and Mahindra group today said it will exit from its China JV for tractor business…The Indian conglomerate has plans to independently operate in China* (TractorJuntion, 2017)."<br>"*Mahindra & Mahindra, the world's largest tractor maker by volume that exited a Chinese JV last year, is planning to return… This time, the company will be venturing on its own…(*Thakkar, 2018)"<br>Beate Uhse:<br>"*The company, which is listed on Germany's small-capitalization index, said it was working on a new business concept for the U.S. market. "We can't make it there with a concept copied from Europe," said Lindemann* (Dow Jones Newswires, 2005)." |

| | |
|---|---|
| Regulation Change | Peugeot:<br>"*French carmaker PSA Group said on Tuesday it had finalised a production deal with state-owned Iran Khodro, preparing its return to the Middle East's biggest auto market … PSA … have been pursuing Iran sales and manufacturing agreements since a breakthrough deal last July to curb Tehran's nuclear programme in return for the lifting of international sanctions* (ArabianBusiness.com, 2016)." |

*Table 3.1: Reasons for re-entry mentioned stated from company managers or journalists*

## 3.4. Results

The built dataset contained 140 re-entry events for companies in foreign markets. The most common industries were manufacturing (n = 42), retail (n = 36), electronics (n = 25), financial services (n = 25), and food and drinks (n = 20). The most common home countries were the United States of America (USA) (n = 41), UK (n = 23), Japan (n = 12), France (n = 11), and Germany (n = 8). The most common host countries were India (n = 21), China (n = 9), Japan (n = 9), the USA (n = 8), and South Korea (n = 7). The number of re-entries over the years in the dataset were as follows: 1984–2000 (n = 12), 2000–2010 (n = 37), 2011–2020 (n = 82) and 2021–2022 (n = 9). The operational modes were WOS (n = 59), JV (n = 47), strategic alliances (n = 11), and franchising (n = 23). Surprisingly, many re-entries seemed to occur rather quickly, as shown in Table 3.A.1. Within the first three years, 67 of the 140 cases occurred.

### 3.4.1. Correlations Cluster Analysis 1

Table 3.A.2 shows the correlation matrix for the first cluster variables. The correlation matrix shows that changes in the EFI host market, host market GDP per capita, CEO changes, and management changes are strongly correlated with time. Further, several correlations were observed between these variables. However, research suggests that they are all relevant, as they look at different dimensions and, therefore, do not exclude them.

#### *3.4.1.1. Results Cluster Analysis 1*

Table 3.2.2 and Figure 3.A.1 show the identification of major clusters. This means that re-entry cases are generally characterised by a change in all variables, except for the variable change in regulations. However, as the cluster analysis shows mainly one large cluster (Cluster 5 has 131 out of 140 cases), it is impossible to determine the extent to which the variable is relevant. Therefore, the clusters were not mapped over time. Nevertheless, the results of cluster 5 show some surprising results, first that companies have increased their debt to asset ratio over the timeout time which was not expected but is probably due to increase of debt to asset ratios in 1980-2000 and after 2009 (He & Sun, 2021). Second, the two distance variables have both increased in average, contrary to the expected decrease. Which can be as most of the home markets of the re-entrants are developed countries and therefore the change in economic and institutional conditions in the emerging host markets were not big enough to close the gap to the developed home country. Furthermore, when they entered a developed market and their own home market values were below the host market value at the exit point, the home market was probably a bit less dynamic than the host market during the timeout time. On the other side, when the host country value was above the home country value at the exit point, the host country was a bit more dynamic during the timeout time. Therefore, the gap increased. In addition, if two markets have similar values, small changes can already lead to a big change in the percentage of the institutional distance.

| | Cluster | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| **Executive board change (in %)** | 33.33 | 75.00 | 6.25 | 86.67 | 56.00 |
| **CEO change** | 1 | 1 | 0 | 1 | 1 |
| **Regulation change** | 0 | 0 | 0 | 0 | 0 |
| **Change in GDP per capita host market** | 9.61% | 36.88% | 7.61% | 21.12% | 73.73% |
| **Change in EFI host market** | -0.13% | -17.64% | 2.01% | 8.40% | 1.95% |
| **Change in Debt to Asset ratio** | 38.50% | 26.31% | 5516.36% | 12238.14% | 30.18% |
| **Change in EBITDA % Sales** | 13.31% | -20.44% | -272.81% | -3.58% | 70.29% |
| **Change in Economic distance** | 23013.80% | -22.83% | 8.57% | 389.09% | 20.29% |
| **Change in EFI distance** | -31.19% | 16336.78% | -20.90% | -90.05% | 140.18% |
| **Number of Cases** | 1 | 2 | 1 | 1 | 131 |
| **Missing cases** | 4 | | | | |
| **Total Cases** | 140 | | | | |

*Table 3.2: Cluster analysis 1 - Detected clusters*

### 3.4.2. Correlations Cluster Analysis 2

The results of the correlation table (Table 3.A.3) of the second cluster analysis show that all variables were significantly correlated with each other, except for regulation change and timeout time. However, as the variables are all grounded in theory and used in previous re-entry studies, they are all relevant as they look at different dimensions and therefore did not exclude any of them.

#### *3.4.2.1. Results Cluster Analysis 2*

The second cluster analysis revealed eight cluster configurations out of the five coded reasons discovered in the qualitative content analysis (Table 3.3). The following reasons accrued: change in strategy, change in financial conditions, change in market attractiveness, regulation change, and new findings of change in partner/operation mode/business model due to poor performance. It is evident from Tables 3.3 and Figure 3.A.2 that they appear either alone or in combination.

| | Cluster | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **Change in partner/ operation mode/ business model due to bad performance** | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| **Change in strategy** | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 1 |
| **Change in financial condition** | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| **Change in market attractiveness** | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 1 |
| **Regulation change** | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Number of Cases per Cluster** | 12 | 18 | 10 | 31 | 2 | 4 | 6 | 57 |
| **Total Cases** | 140 | | | | | | | |

*Table 3.3: Cluster analysis 2 - Detected clusters*

### 3.4.3. Analysis of the Propositions

Two cluster analyses were applied. Cluster analysis 1 did not lead to results that could be used for proposition testing; therefore, cluster analysis 2 will be interpreted regarding the proposition.

Concerning Proposition 1, there is evidence that a change in financial conditions is the dominant reason for re-entry into a foreign market in one of the clusters. Therefore, Proposition 1 was supported. Regarding the change in host market attractiveness (P2), the findings provide evidence that, in some cases, a change in host market attractiveness can lead to a re-entry decision. Therefore, Proposition 2 was supported. Cluster analysis shows the change in the regulatory environment (P3) only as evidence for the sub-part of regulation change, which was named a dominant reason for re-entry. Other aspects such as tax burden, government spending, and fiscal conditions did not emerge. Therefore, Proposition 3 was partially supported. In the fourth proposition, no management changes are detected. Therefore, Proposition 4 was not supported. For Proposition 5, the findings did not show any company that mentioned institutional distance as the dominant reason for re-entry. Therefore, Proposition 5 was not supported. Interestingly, when the timeout period is added, in the first three years, changes in strategy, financial conditions, market attractiveness and partner / operation mode / business model are detected as the single dominant reason. This as often the exit reason could have been fast resolved and there is no traumatic reason that prevents them to take a longer timeout time (See Table 3.3 and Table 3.A.1). They never wanted to leave; therefore, a quick re-entry could be expected. Furthermore, this shows that re-entry can be seen as a path-dependent process where they can use their experienced base learning that was stored in the organisational memory (Eriksson et al., 2000; Walsh & Ungson, 1991). After the

first three years, the picture becomes blurrier, and a combination of the three often emerges; it is no longer possible to say which is the dominant reason. This as re-entrants probably had a traumatic experience in the market or did put their focus on other host markets and only returned when multiple conditions have improved and therefore market opportunities were promising. Regulatory changes emerge at any time and are always the dominant reason. This is because the company was forced out by the regulation, and therefore, it needed a change in regulation to be able to re-enter. Therefore, the results show support for the proposition that the reasons for exit and re-entry are generally related, especially if it is a fast re-entry within three years (P6a) for longer timeout periods, often multiple reasons were found, and therefore Proposition P6b is supported.

### 3.4.4. Additional Reasons and Examples

In addition to analysing the proposition, further insights can be obtained from the analysis. Tables 3.A.1 and 3.3 show that a change in the partner/operation mode/business model and a change in strategy can also be the dominant reasons for re-entry. A change in the partner/operation mode/business model occurs only in the first three years after exit and is always the dominant reason. This is because in those cases, the company never really intended to leave the market but must reconfigure one of the three reasons for the change in the partner/operation mode/business model.

Based on these findings, the re-entry model of change was created (Figure 3.3). In the re-entry model of change, the study considers Cluster 5 in Table 3.3 a sub-form of Cluster 4, because it shows a very similar pattern of re-entry reasons, with one additional reason mentioned. In addition, Cluster 7 in Table 3.3 can be categorised as a sub-form of big Cluster 8 (market attractiveness change × strategy change × financial condition change), which only has two of the three points explicitly mentioned. This large cluster occasionally appeared during the first three years. This validates the re-entry modes, which indicate that most of the clusters mentioned are applied, while there are always exceptions and various combinations. For the cases with longer timeouts, the variables were not always mentioned by name, but as shown in the first cluster analysis, change occurred on a broader basis, and therefore, a combination of change in strategy, change in financial condition, and change in market attractiveness jointly led to re-entry. When the timeout period was added to the clusters in the first three years, the dominant factor was predominantly one reason. Interestingly, for rather fast re-entries and re-entries owing to a regulation change, the exit and re-entry reasons are generally the same (see the examples of UBS, Beate Ushe, Ferraro, and Peugeot in Table 3.1). Specific cases can be used to explain clusters in the re-entry model of change. An example of a change in financial conditions is the bank UBS, which had to sell its Brazilian operations after its bailout in 2009. They re-entered Brazil in 2010 after their finances stabilised. An example of a change in strategy is bank Santander, which left Colombia in 2012 for strategic reasons but decided to re-enter it in 2014 as they changed their strategy. For the change in market

attractiveness, an example is Brightpoint which left Poland in 2009 at the height of the global crisis, returned in 2011, and returned when economic conditions improved. The last cluster, which was detected only in the first three years, was a change in the partner/operation mode/business model owing to poor performance. This variable is new and not expected from the literature. This cluster had three reasons in common: they did not really want to leave the first time but were forced out of the market owing to a partnership dispute or failure owing to a change in partner. Regarding the change in the operation mode, they were unsatisfied with the operation mode or partner and wanted, for example, to operate independently. For the change in the business model, they recognised that their model was not suitable for the market, and they needed to adapt it. After a longer timeout, this cluster did not appear because they were cases where they did not really want to leave for the first time but needed to reconfigure their business model, find a new partner, or prepare to go alone. Therefore, at a later point in time, this can no longer be a dominant reason for re-entry and is more of a consequence of another dominant reason(s) to re-enter. An example is a change in partner, car manufacturer Renault, which left Vietnam in 2017 and returned in 2020 with a new distribution partner in the country. For a change in operation mode, an example could be Marks and Spencer, who had franchisee stores in Portugal until 1999, but closed owing to the inability of the franchise partner to pay franchise fees. Therefore, in 2000, they decided to return to the market with their WOS. An example of a change in business model is Beate Uhse, who recognised that the concept for Europe is not suitable for the US and that they need to adapt their business model if they want to be successful in the US market. The change in the regulation factor did occur over all timeout periods and was always considered the dominant reason for re-entry, since companies did not really want to leave but were forced out of the market by regulations. An example is Coca-Cola, which left the South African market because of a US ban on the apartheid regime in 1986 and then returned after the ban was lifted in 1994. Interestingly, no newspaper article has addressed changes in institutional distance and management as the primary factors in re-entry decisions. As they are a natural subsequence of change in market attractiveness and regulation for institutional distance and for management change, this is probably related to strategy change. Therefore, they might have played a relevant role but have not been explicitly mentioned by the journalists.

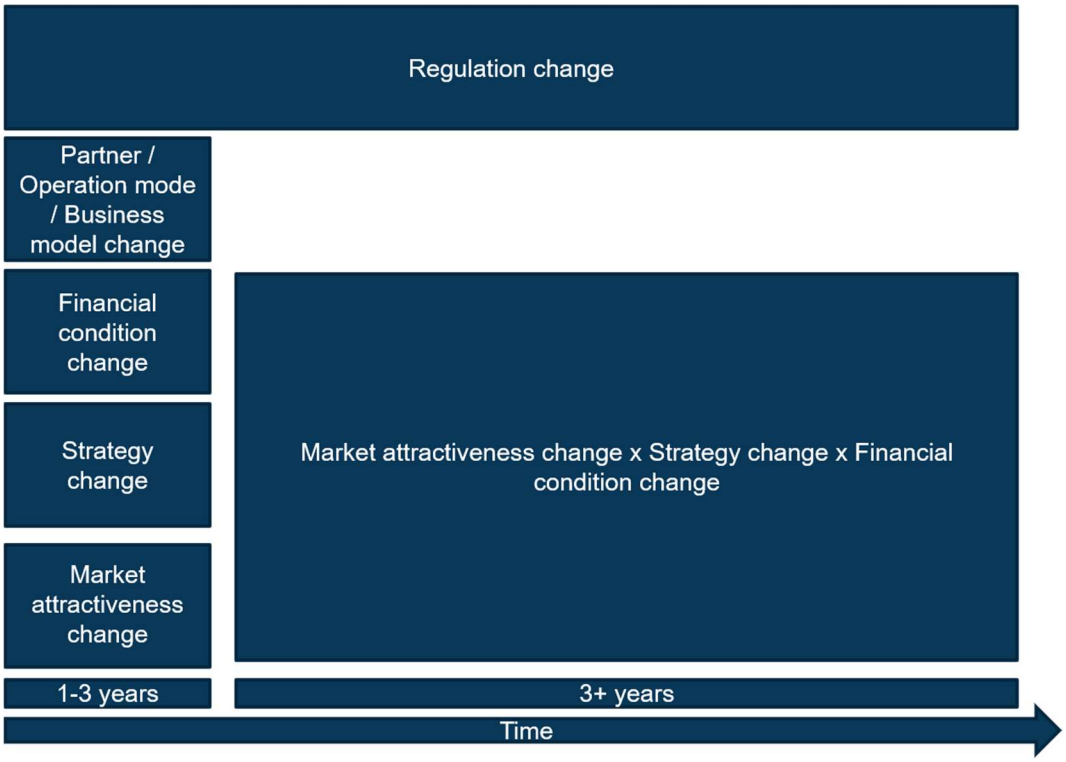


*Figure 3.3: Re-entry model of change*

## 3.5. Discussion

### 3.5.1. Implications for Theory

These findings add to three theories. The first is OLT (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), where the findings add to the OLT literature, with the finding that in the first three years, the reasons for exit and re-entry are similar. Therefore, companies understand what went wrong; for example, the partnership/operation mode/business model failed, the financial situation worsened, the market was difficult, or the company's strategy changed and tried to do it better. Organisations can learn from the reasons for their exit and still use their organisational knowledge about the market. The findings suggest that in the first three years, companies still understand what went wrong and only return when they can improve the conditions that led to market failure. Similar to the findings of other re-entry papers this can be seen as experienced based learning (Javalgi et al., 2011, pp. 386-388; Vissak & Francioni, 2013, p. 960; 2020, p. 47; Vissak et al., 2020, pp. 1, 12). Therefore, the re-entrants can use their organisational memory (Walsh & Ungson, 1991) to re-enter a formerly exited marked.

Second, the findings add to internationalisation process literature as re-entry can be seen as a path-dependent approach where re-entrants use their organisational memory and network to return to a foreign market (Eriksson et al., 2000; Vahlne, 2020; Walsh & Ungson, 1991). This especially the case for the rather fast re-entrants, where it can be expected that companies profit the most from old network and market knowledge.

Third, the findings on regulatory change coincide with institutional theory (Parsons, 1956,

1960; Selznick, 1949, 1957; Weber, 1978). Thus, a company will return to the market only when it has a legal environment for it. Although it seems very attractive, companies wait until the regulation changes and are allowed to return.

### 3.5.2. Managerial Implications

Based on the detected re-entry model, this study suggests that changes in the conditions of a foreign market or company may be necessary before a company can consider re-entering. When managers contemplate re-entering a foreign market, it is important for them to carefully reflect on the reasons for their previous exit. For instance, if the exit was prompted by regulatory changes, it would likely be necessary for the regulatory environment to shift in a way that is more favourable to the company before re-entry becomes feasible. The findings indicate that, particularly within the first three years after exit, a significant change - often related to the initial reason for leaving - may be required to enable re-entry. Managers are advised to assess whether there have been developments such as the emergence of a suitable new partner, increased market attractiveness, improved financial conditions, a revised company strategy, or a more supportive regulatory environment. These factors are frequently associated with exit decisions and should be evaluated with caution. In addition, if they re-enter fast, companies can profit from their old market networks better. After three years, the rationale for re-entry tends to become less clear, and decisions to return may depend more on strategic, market, or financial considerations. In addition, as organisations go through a process of unlearning during extended timeout times and lose therefore market knowledge and networks in the host market. Therefore, it is recommended that managers thoroughly consider all relevant variables and proceed with caution before making a re-entry decision.

### 3.5.3. Limitations and Future Research Directions

The study has limitations in that it examines only listed and often large companies for which relevant information is available. It is interesting to look at smaller privately held companies. Further, this study needs to use a general proxy for market attractiveness (GDP/per capita). It is interesting and insightful to conduct further studies using more specific market data to evaluate the market’s attractiveness regarding a firm's business field. The findings regarding the cluster of firms that experienced changes in market attractiveness, strategy, and financial conditions are unclear in terms of how they differ from normal market entry. This lack of evidence of a change in the reason for initial exit makes it challenging to distinguish these cases from typical market entries. The example of Esprit, a clothing retailer that exited the US market in 2012 and returned in 2022, illustrates this ambiguity. It is difficult to determine how re-entry differs from market entry by another company. Therefore, it needs to be further analysed to see if that cluster is still able to profit from previous market knowledge, or if the factors that lead to a re-entry do not really differ from a normal entry. As this study provides some insight into the dominant factors, the results of the first cluster analysis also imply that the interplay of several of those factors could give some interesting insights into re-entry

decisions, especially when looking into different market contexts such as emerging versus developed markets. Further, the re-entry performance outcome is another important topic. More research is required to elucidate re-entry performance in connection to the causes of exit and re-entry. By using newspaper articles, only re-entries that are rather prominent were selected, this could lead to a potential sample bias as less prominent re-entries have potentially other re-entry reasons. Therefore, further research should investigate less prominent re-entry cases, such as those of SME. Furthermore, the findings suggest that companies can use their organisational memory for rather fast re-entries to reestablish them in a local market. Therefore, a re-entry can be seen as a path-dependent step of a firm's internationalisation process. But which kind of knowledge is used most, and which is the most effective approach in knowledge storage, need to be further studied. Furthermore, it remains unclear if more time passes how companies still profit from their organisational memory, or this can no longer be seen as a path-dependent process and more as a normal internationalisation process.

## 3.6. Conclusion

This study answered, with its exploratory approach, some of the open questions in the field of re-entry. Specifically, this study could provide new insights into two research questions: What factors in the market or company must change for a company to re-enter? Can we identify clusters of re-entry cases based on the combinations of their re-entry reasons? The study identified the factors that influence re-entry decisions, clustered them based on different re-entry reasons, and distributed them over time. Using the proposed re-entry model shown in Figure 3.3, this study contributes to the literature on re-entry.

Of particular interest is that for the first three years, there is predominantly one driving factor of change that leads to re-entry. Further, the finding that the reasons for exit and re-entry in the first three years and for regulatory changes are generally the same enriches organisation learning theory and internationalisation process literature by showing that re-entry can be seen as a path-dependent process where re-entrants used their experience-based learning that they have stored in their organisational memory. Moreover, for a fast re-entry they can also build on their host market network with suppliers and consumers of their first market attempt. With longer timeout periods, the picture becomes blurrier and is often a combination of changes in market attractiveness, strategy, and financial conditions.

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## Appendix

| | | Cluster number of the Case | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total |
| **Time out time** | 1 | 1 | 4 | 3 | 15 | 1 | 2 | 0 | 0 | 26 |
| | 2 | 3 | 1 | 6 | 9 | 1 | 0 | 4 | 0 | 24 |
| | 3 | 5 | 2 | 1 | 7 | 0 | 2 | 0 | 0 | 17 |
| | 4 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 3 | 6 |
| | 5 | 1 | 1 | 0 | 0 | 0 | 0 | 2 | 9 | 13 |
| | 6 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 6 | 8 |
| | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| | 8 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 3 | 4 |
| | 9 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 6 | 8 |
| | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 |
| | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| | 15 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 2 | 4 |
| | 16 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 2 | 3 |
| | 17 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| **Total** | | 12 | 18 | 10 | 31 | 2 | 4 | 6 | 57 | 140 |

*Table 3.A.1: Temporal cluster analysis*

| | | Time out time | Management change | CEO change | Regulation change | Change in GDP/per capita host market |
|---|---|---|---|---|---|---|
| **Time out time** | Correlation after Pearson | 1 | .619** | .461** | .046 | .761** |
| **Management change** | Correlation after Pearson | .619** | 1 | .523** | .009 | .436** |
| **CEO change** | Correlation after Pearson | .461** | .523** | 1 | -.059 | .288** |
| **Regulation change** | Correlation after Pearson | .046 | .009 | -.059 | 1 | .003 |
| **Change in GDP per capita host market** | Correlation after Pearson | .761** | .436** | .288** | .003 | 1 |
| **Change in EFI host market** | Correlation after Pearson | .406** | .078 | .082 | .241** | .300** |
| **Change in Debt-to-Asset ratio** | Correlation after Pearson | .092 | .009 | .028 | -.050 | -.050 |
| **Change in EBITDA % Sales** | Correlation after Pearson | .077 | .079 | -.014 | .226** | .075 |
| **Change in Economic distance** | Correlation after Pearson | -.043 | -.067 | .073 | -.003 | -.051 |
| **Change in EFI distance** | Correlation after Pearson | .039 | .072 | -.003 | -.070 | -.039 |

| | | Change in EFI host market | Change in Debt-to-Asset ratio | Change in EBITDA % Sales | Change in Economic distance | Change in EFI distance |
|---|---|---|---|---|---|---|
| **Time out time** | Correlation after Pearson | .406** | .092 | .077 | -.043 | .039 |
| **Management change** | Correlation after Pearson | .078 | .009 | .079 | -.067 | .072 |
| **CEO change** | Correlation after Pearson | .082 | .028 | -.014 | .073 | -.003 |
| **Regulation change** | Correlation after Pearson | .241** | -.050 | .226** | -.003 | -.070 |
| **Change in GDP per capita host market** | Correlation after Pearson | .300** | -.050 | .075 | -.051 | -.039 |
| **Change in EFI host market** | Correlation after Pearson | 1 | .066 | .060 | -.036 | -.306** |
| **Change in Debt-to-Asset ratio** | Correlation after Pearson | .066 | 1 | -.061 | .005 | -.025 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Change in EBITDA % Sales** | Correlation after Pearson | .060 | -.061 | 1 | -.021 | -.049 |
| **Change in Economic distance** | Correlation after Pearson | -.036 | .005 | -.021 | 1 | -.024 |
| **Change in EFI distance** | Correlation after Pearson | -.306** | -.025 | -.049 | -.024 | 1 |

**. The correlation is significant at the level of 0.01 (2-sided).

*Table 3.A.2: Correlation table cluster analysis 1*

| | | Time out time | Change in partner/operation mode/business model | Change in strategy | Change in financial condition | Change in market attractiveness | Regulation change |
|---|---|---|---|---|---|---|---|
| **Time out time** | Correlation after Pearson | 1 | -.377** | .420** | .524** | .411** | .034 |
| **Change in partner/operation mode/business model** | Correlation after Pearson | -.377** | 1 | -.580** | -.488** | -.546** | -.213* |
| **Change in strategy** | Correlation after Pearson | .420** | -.580** | 1 | .726** | .657** | -.401** |
| **Change in financial condition** | Correlation after Pearson | .524** | -.488** | .726** | 1 | .679** | -.338** |
| **Change in market attractiveness** | Correlation after Pearson | .411** | -.546** | .657** | .679** | 1 | -.425** |
| **Regulation change** | Correlation after Pearson | .034 | -.213* | -.401** | -.338** | -.425** | 1 |

**. The correlation is significant at the level of 0.01 (2-sided).

*. The correlation is significant at the level of 0.05 (2-sided).

*Table 3.A.3: Correlation table cluster analysis 2*

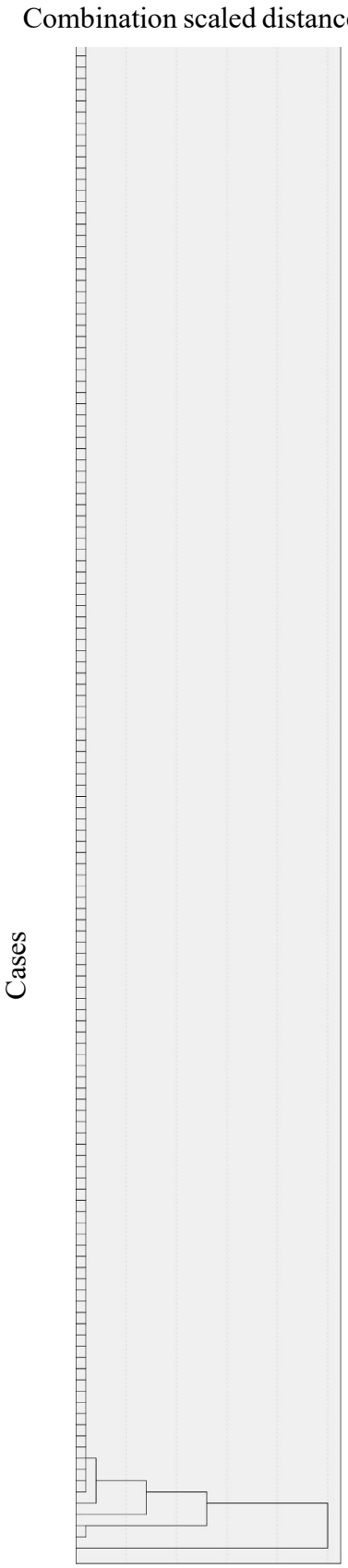


*Figure 3.A.1: Hierarchical cluster analysis 1 – Dendrogram*

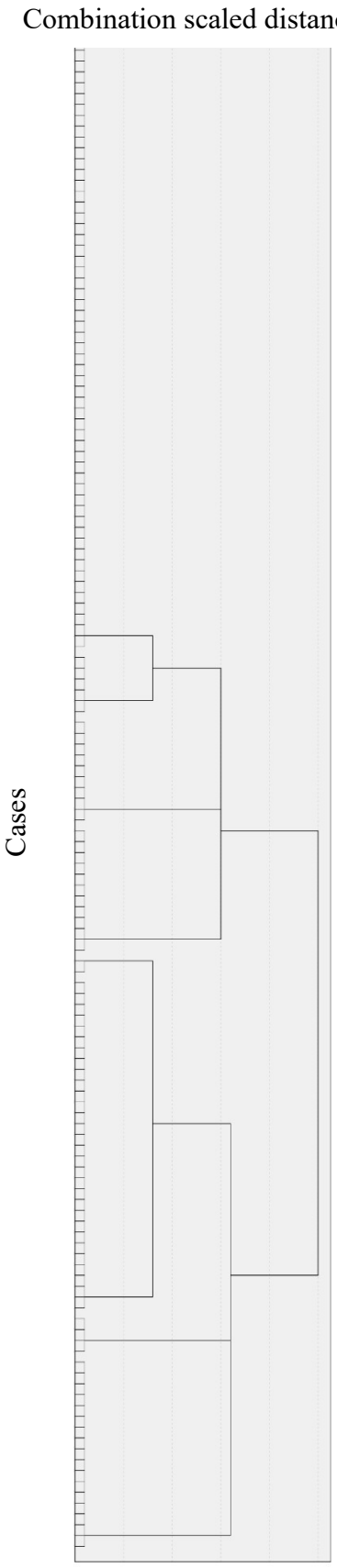


*Figure 3.A.2: Hierarchical cluster analysis 2 – Dendrogram*

# 4. Study 2 – Behavioural Perspectives on Re-Entry: Market Experience, Resource Allocation, and Fast-Food Chains[2]

**Abstract**

**Keywords: re-entry, behavioural theory, organisational learning, fast-food chains, market knowledge**

This study examines how companies re-entering foreign markets can leverage prior knowledge and allocate resources more effectively, addressing gaps in research on differences between re-entrants and novo entrants. Using a comparative case study based on secondary data, it also develops a theoretical model of re-entry. Findings indicate that re-entrants benefit from prior market experience, especially in selecting partners and managing resources, though strong branding often proves more influential in securing partnerships and attracting customers. While re-entrants may enjoy a slight advantage over novo entrants, they must actively apply their earlier experience to maintain this edge, as overall market challenges remain similar. Drawing on behavioural theory, the study highlights how bounded rationality, imperfect environment matching, and unresolved conflict shape re-entry strategies. It shows that re-entrants' abilities to exploit past experience and adapt resources are constrained by limited information and alignment difficulties within partnerships.

[2] Study 2 has been presented at EIBA 2025 as Ulrich, N.; Morschett, D.: Behavioural Perspectives on Re-Entry: Market Experience, Resource Allocation, and Fast Food Chains
and currently has an R&R in process at the European Journal of International Management as Ulrich, N.; Morschett, D.: Behavioural Perspectives on Re-Entry: Market Experience, Resource Allocation, and Fast Food Chains

## 4.1 Introduction

Most companies that exit certain markets never come back there. However, in some instances, they do decide to re-enter these markets (Bernini et al., 2016; Surdu et al., 2019; Surdu & Narula, 2021). While market entries have been studied in considerable detail (Liu & Hill, 2013; Sestu et al., 2023; Valdés-Llaneza et al., 2021) and substantial research also exists on divestments (Arte, 2023; Merkestein & Lindeque, 2020; Schmid & Morschett, 2020) comparatively less attention has been given to re-entries. Firms tend to re-enter when internal or/and external factors are beneficial for a re-entry (e.g., firm characteristics, management characteristics, strategy, global environment, host country environment, home country environment) (Sousa et al., 2021, p. 14). However, the literature on re-entries is quite limited and fragmented. A recent literature review by Sousa et al. (2021) highlights a need to better understand the re-entry phenomenon. Here, this study aims to shed more light on re-entries by contrasting them with novo entries. A market re-entry is defined as a situation where a company has had operations in a host market, has withdrawn from it, and is now entering a second time (Welch & Welch, 2009, p. 568). Surdu and Narula (2021, pp. 5-6) have studied 1020 re-entries between 1980 and 2016. This shows that re-entries are a common phenomenon and need to be studied in more detail.

Indeed, in their knowledge utilisation framework on market re-entry, Javalgi et al. (2011, pp. 381, 390) show that compared to novo entrants, re-entrants can profit from their initial market knowledge and gain trust in a market. Still, their research suggests digging into specific industries to better understand the phenomenon. Other studies also suggest that compared to novo entrants, re-entrants can profit from their initial market knowledge by learning from their original experience (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47). However, the strength of the effect of initial knowledge on re-entry remains questionable (Aguzzoli et al., 2021, pp. 416, 431). Surdu et al. (2019, p. 414) show that re-entrants do not replicate unsuccessful commitment strategies, suggesting that in certain situations, they may be able to better to allocate resources in a market than a novo entrant. Vissak and Francioni (2020, p. 45) describe a case where a company re-entered Argentina due to the new order of a previous costumer. Thus, re-entrants sometimes profit from the brand awareness in the host country. To better understand the re-entry phenomenon the study will bring a new theoretical lens to re-entry research by looking into behavioural theory (Cyert & March, 1994, pp. 214-215).

This study focuses on fast-food chains. The global fast-food industry had an estimated revenue of around United States Dollar (USD) 1.1 trillion in 2023 (IBISWorld, 2024). By investigating one industry, the study aims to better understand market re-entry attempts and identify re-entry patterns (Mohr et al., 2018; Schmid & Morschett, 2023). Fast-food chains experience the same conditions as general retailers, as both industries cannot re-enter via exports. For retailers and fast-food chains alike, an exit can be measured by the closure of the last store

and a re-entry by the opening of a new store. Moreover, similar to retailers, the sole re-entry motive of the fast-food industry is market seeking (Schmid & Morschett, 2023, p. 2). By investigating six fast-food chain re-entries, this study aims to better understand the re-entry phenomenon by answering the following research questions:

RQ1: How do re-entrants differ from novo entrants?

RQ2: How can fast-food chain re-entrants profit from their initial market knowledge?

## 4.2. Theoretical background

The literature on market re-entries is rather limited. Still, a notable literature review by Sousa et al. (2021, pp. 1, 5-7, 13-15) focused on foreign market re-entry. Relevant theories in market re-entry research that previous studies have used are internationalisation process theory, the IBV, the RBV, and OL. To better understand the differences between a novo entry and re-entry, OL is the most suitable theory, as a re-entrant has previous market knowledge but a novo entrant does not. Nevertheless, due to the complexity of the phenomenon, this study first provides an overview of the relevance of the several theories for market re-entry. Furthermore, to add another theoretical lens to the highly complex phenomenon, the behavioural theory of the firm (Cyert & March, 1994) is introduced in this study to the re-entry literature. This is because current literature streams have not been able to fully grasp the complexity of re-entries, and a new theoretical lens can enhance their understanding.

### 4.2.1. Internationalisation Process Theory

The IPM by Johanson and Vahlne (1977, p. 28) argues that companies need to gain market knowledge through market experience. Re-entry research suggests that, in some cases, companies can profit from old market knowledge (Javalgi et al., 2011, pp. 386-388; Vissak & Francioni, 2013, p. 960; 2020, p. 47; Vissak et al., 2020, pp. 1, 12). This is in contrast to the original IPM but in line with the further developments of the model, where the focus has shifted towards networks and knowledge (Vahlne, 2020). Therefore, in re-entries, companies can use their network out of other markets for their re-entry. For instance, A&W sells products of neighbouring countries in Singapore (Inside Retail Asia, 2019), McDonald's used the biggest franchisee for its re-entry in Trinidad & Tobago (Trinidad Express, 2011), and Dunkin' used US franchisees to some extent for its UK re-entry as they know the system (Vizard, 2013). Nevertheless, these are things in theory a novo entrant could build on, but for those cases they did not; therefore, this building on network can be seen as a learning in their internationalisation process.

Bernini et al. (2016, pp. 1058, 1072), show that firms which have exited foreign markets due to unattractive conditions may later re-enter once circumstances improve. While prior research on divestments has already questioned the notion of internationalisation as a one-directional, irreversible process (Benito & Welch, 1997), the evidence on re-entry extends this debate further, enriching internationalisation process theory. Choudhury and Khanna (2014, pp. 133, 148, 162) also advance the literature on the internationalisation process by introducing a novel

framework for understanding dynamic trajectories in response to regulatory environments. The authors reveal that policy changes could influence re-entry strategies. Figueira-de-Lemos and Hadjikhani (2014, pp. 332, 343) reveal a direct link between a company's market knowledge, and its success and speed of re-entry. The authors also highlight the importance of government connections in politically uncertain environments.

Further, Hadjikhani (1997, pp. 43, 58) claims, drawing on the IPM, that companies need an intangible commitment to contribute knowledge. For instance, companies stayed in the Iraq market even when they faced the social pressures to leave in crises such as revolution and war. Lee et al. (2014, pp. 1043, 1045-1047) illustrate how and when South Korean banks internationalised. The authors show that after initially exiting the host market due to crises, banks re-entered markets to capitalise on their existing knowledge once they perceived that host market conditions had improved. Javalgi et al. (2011, pp. 386-388) demonstrate that firms tend to adopt higher investment modes upon re-entry when market conditions become favourable.

Palmer (2004, pp. 1075, 1088) examines the dynamics of market re-entry and strategic acquisitions of Tesco in Ireland when market conditions improved and an opportunity to buy a local player came. Vissak and Masso (2015, pp. 654, 659) show that firms need local and international knowledge to internationalise. Vissak and Zhang (2015, p. 47) show that re-entries can also happen when a company regains a customer in a foreign market. Vissak et al. (2020, p. 12) find that internationalisation via a re-entry is easier than entering a completely new market as the companies can profit from the initial market knowledge. Vissak and Francioni (2020, pp. 45-46) show that re-internationalisation is connected to the firms' unique resources, network, decision-makers, and the environment.

### 4.2.2. Institutional-Based View

The IBV says that host market characteristics are relevant for market choice. In countries with large cultural and institutional difference to the home market, companies face adaptation and information processing challenges (Brouthers & Brouthers, 2001; Henisz & Delios, 2004; Hutzschenreuter et al., 2011; Peng, 2002). Aguzzoli et al. (2021, pp. 416, 426-427, 429-431) highlight the role of the institutional environment in shaping re-entry strategies. Although both new entrants and re-entrants can mitigate institutional voids by partnering with third-country entities that provide critical resources, re-entrants' prior experience in the host country allows them to better target such partnerships and leverage past learning, thereby enhancing the effectiveness of this strategy. Heyman and Tingvall (2015, pp. 1975, 2001-2003) show that as re-entrants have knowledge, they are less dependent on the institutional quality at a re-entry event, especially in sectors with high Research & Development (R&D) intensity. Still, Surdu et al. (2018, pp. 925-926) show that a better institutional environment leads to faster re-entry, as it positively affects the speed at which companies return to foreign markets. Surdu and Narula (2021, pp. 12-13) also find that high institutional quality in a host market influences

the speed of re-entry. Surdu et al. (2019, pp. 414-415) highlight the substantial impact of improving host institutional conditions on changes in operation mode and commitment levels, contributing to both institutional change and OLT. Specifically, the authors find that re-entrants increase their commitment when the institutional environment improves, underscoring the explanatory power of institutional conditions. Vissak and Francioni (2020, p. 45) reveal that alterations in the business environment, such as market dynamics or regulatory changes, significantly influence re-entry strategies. On the other hand, if market conditions changed strongly between exit and re-entry, the previous knowledge might become irrelevant (Surdu & Narula, 2021, pp. 12-13).

### 4.2.3. Resource-Based View

RBV argues that having access to key resources is vital for company success (Barney, 1991; Daft, 1983, p. 71). Bernini et al. (2016, pp. 1069, 1073) also show that resources, such as management skill and capabilities, that prevent firms from exiting a market, lead to faster re-entries. Still, the authors suggest that for re-entry, external and internal resources are relevant; resources should be only considered as one of the influential factors. Chen et al. (2019, pp. 164, 166) find that compared with novo entrants, re-entrants possess some valuable resources due to their previous market activities. These resources have a significant positive effect on re-entry performance. Furthermore, the authors show that past resources and information vanish with time. Yayla et al. (2018, pp. 1109, 1112) show that relational capital, defined as access to market specific resources such as consumers and channel partners, significantly affects re-entry decisions.

### 4.2.4. Organisational Learning

OLT has been frequently used in international business research. It argues that organisations can learn and develop from their experiences (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006). Indeed, re-entrants possibly can profit to some extent from previous activities in a former host market (Javalgi et al., 2011, pp. 386-388; Vissak & Francioni, 2013, p. 960; 2020, p. 47; Vissak et al., 2020, pp. 1, 12). Görg and Spaliara (2018, pp. 159-160) show that most export re-entries happen rather fast, where a possible reason may be that they still have knowledge about this market. Freeman et al. (2013, p. 174) show that born globals must rely on alliances in foreign markets to generate market knowledge, as they lack the financial resources. Vissak and Masso (2015, pp. 652, 654, 659) show that firms need local and international knowledge to internationalise. Therefore, re-entrants can differentiate themselves from novo entrants by already possessing local knowledge.

Aguzzoli et al. (2021, pp. 427, 431) show that companies must understand when they need local partners to overcome past failures but still not overestimate the learning effect of the past re-entry experience. Surdu et al. (2019, pp. 409, 414-415) find that re-entrants cannot always profit from their initial market knowledge, especially with longer timeout times. However,

when they experience a market failure, firms tend to learn and change their operational commitment strategy. Lee et al. (2014, pp. 1043, 1045-1047) show that after exiting during a crisis period, South Korean banks re-entered foreign markets when the host market conditions improved as they wanted to profit from their market knowledge. Surdu et al. (2018, pp. 926, 927) find that the effect of learning on speed is rather mixed. Hence, it is not always clear how good re-entrants can profit from initial knowledge or whether the significant effect of good institutional quality allows faster re-entries. Surdu and Narula (2021, pp. 1, 12-13) show that re-entrants which had a negative market experience can use their market knowledge better if they re-enter fast. Additionally, it is important to consider market conditions and only use knowledge that is still relevant. Furthermore, companies must understand what part of their old approach was wrong and unlearn that. Finally, according to Heyman and Tingvall (2015, pp. 1975, 2001-2003), re-entrants are less dependent on the institutional quality at a re-entry event, especially in sectors with high R&D intensity, as they can profit from their initial market knowledge.

### 4.2.5. Behavioural Theory

The behavioural theory of the firm follows three core ideas. The first is bounded rationality, which denotes that limitations in information availability and cognitive processing constrain actors' capacity for fully rational decision-making. Consequently, the identification of an objectively optimal solution is not feasible; instead, firms engage in a search for satisfactory alternatives that enable them to achieve their organizational objectives (Cyert & March, 1994, pp. 214-215). In the context of re-entry, such objectives refer to the successful re-establishment of firm operations.

The second idea is the one of imperfect environment matching. This refers to the situation that practices, rules and forms that are used at re-entries are not uniquely formed by the demand of the environment setting. Therefore, organisations must follow a process of adaptation or learning (Cyert & March, 1994, p. 215). This process of learning can be seen at re-entry events (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47). In contrast to new entrants, re-entrants have prior experience in the same market environment. This experience enables them to identify what did not work well during their initial entry - such as ineffective distribution channels, inappropriate pricing strategies, or regulatory missteps - and to adapt their subsequent strategies accordingly. For this reason, the potential for organizational learning is stronger in re-entries than in novo entries, where firms lack market-specific feedback and must rely on assumptions or general knowledge when developing their entry strategies.

Third is the unresolved conflict that multiple actors have different interest and that can lead to conflict that cannot fully be resolved by contracts. Therefore, there is a constant negotiation of partners as consistency is hard to achieve (Cyert & March, 1994, p. 215). In the case of re-

entry, firms may attempt to minimize such conflicts by incorporating clearer partner guidelines and making more selective partner choices, drawing on their past experiences in the same market. Unlike new entrants, who must establish relationships without detailed prior knowledge of local partners, re-entrants can build on lessons from earlier conflicts and adjust their partner strategies accordingly. This prior experience provides them with more opportunities to anticipate and mitigate conflict than in the case of novo entries.

## 4.3. Methodology

Qualitative research has remained a relevant method in international business research in recent years (Doz, 2011; Welch et al., 2022; Welch & Piekkari, 2017). Since many re-entries occurred years ago, obtaining firsthand perspectives regarding them is challenging, making them difficult to examine the phenomenon. To address the research issues, this work employs the comparative case study methodology proposed by Eisenhardt (1989). It is a suitable approach to answer 'how' questions by examining multiple cases in depth (Yin, 2009, p. 28). In line with Schmid and Morschett (2023), the study uses secondary data sources. Given that fast-food companies operate in fields that receive substantial media attention, the study performs the comparative case study by methodically examining newspaper articles in both English and the language of the host country, local partner annual reports, and websites (also in local languages), searching for any information in the company's annual report, and checking the stock exchange for ad hoc statements. Since franchises are frequently used by fast-food companies (Zilberman, 2024), the websites and yearly reports of the local partners are also examined if possible. This approach enables data triangulation across several sources and rigorous data screening.

Data collection

The study followed prior studies (e.g. Surdu et al. (2019, pp. 400-402); Surdu et al. (2018, pp. 915-916); Surdu and Narula (2021, pp. 5-6)) by employing text search in Lexis Nexis and Factiva for the case selection. Newspaper articles were gathered from these databases by searching for the terms "re-entry", "re-enter", "return to", "back in", "re-internat*", "market", and "fast-food". Then, further criteria were used to remove irrelevant articles. Six pertinent fast-food chain re-entries with good data availability were selected. The selected newspaper articles featured a variety of cases from a wide range of host nations and timeout durations. In total, around 200 documents were examined in relation to those cases. To identify the pertinent exit and re-entry drivers, and modifications for each of our cases, the study first performed an open coding process on the case documents. Then, axial coding was performed to connect the various codes across the instances to identify common causes. Finally, selective coding was conducted to create a model that connects the several codes and build the theory (Strauss & Corbin, 1990, pp. 61, 96, 116). Table 4.1 provides an overview of the six cases.

| Name | Host Country | Exit year | Re-entry year |
|---|---|---|---|
| Burger King | Israel | 2010 | 2016 |
| Wendy`s | Japan | 2009 | 2011 |
| Popeyes | South Korea | 2020 | 2022 |
| A&W | Singapore | 2003 | 2019 |
| McDonald`s | Trinidad & Tobago | 2003 | 2011 |
| Dunkin` | UK | 1999 | 2013 |

*Table 4.1: Overview of the cases*

## 4.4. Case Description

Following Strauss and Corbin (1990, p. 61), the study first performed an open coding of the cases (see Appendix Tables 4.A.1, 4. A.2, and 4.A.3 for codes, and Table 4.A.4 for the process from the open to axial coding). These codes were then used for the following case description. Finally, the model was constructed by using the coded statements.

### 4.4.1. Burger King in Israel

Burger King was founded in 1954 and is the second largest fast-food chain in the world (Burger King, 2025). As of 2025, Burger King has over 19,700 restaurants in over 120 countries and operates around 95% of its stores with a franchise business model. Today, Burger King is owned by Restaurant Brands International, which also own Tim Hortons and Popeyes (Restaurant Brands International, 2025). Burger King first entered Israel in 1993 with a franchise business. However, over the years, the franchise units in Israel faced operational issues, accumulated losses, and even went bankrupt at some point. Hence, in 2010, the franchisee quit the contract as Israelis seemed to prefer more local brands. Some reports noted: 'Another US fast-food chain will be closing its doors in Israel this summer after apparently failing to capture the nation's affections …."*All the research … shows beyond doubt that the taste of Burger Ranch is the preferred taste for most Israelis,"* Orgad directors Eli and Yuval Orgad' (Eglash, 2010); and "*Burger King and Orgad agreed to terminate all franchisee agreements*" (QSRWeb, 2010).

After several attempts, Burger King was able to find a new franchisee, which also was invested in other Israeli businesses. Together, they opened the first restaurant in 2016. "*A group of investors, the main one being French businessman Pierre Besnainou, obtained the Israeli franchise*" (Bein-Leibovitz, 2015). As stated in Hayut (2016), Burger King used a single franchisee with no sub franchise in the re-entry: "*The plan was to expand to 10 branches in a year, invest $12 million, and reach 50 branches in five years, all under direct ownership, with no franchising*". According to Yefet (2013), "*In 2010, 3G Capital acquired Burger King and supported an aggressive international expansion*". The company's acquisition after their market exit bought a renewed focus on international expansion and a strategic imperative to re-establish the brand in key markets, including Israel. This company-driven change provided

the impetus and resources for the re-entry, regardless of the specific market conditions in Israel.

For the re-entry, Burger King implemented a localisation strategy by opening both kosher and non-kosher stores in Israel, catering to the diverse dietary needs of the population. Some articles noted: "*The new Tel Aviv Burger King will not be kosher*" (Oster, 2016); and "*A kosher Burger King opened in Tel Aviv's Dizengoff Center*" (Klein, 2016). This demonstrated a commitment to adapting to local preferences and addressing potential barriers to novo entry related to religious dietary laws. Thus, Burger King's re-entry in Israel was driven by a combination of strategic direction from the new ownership and a market-specific adaptation, like the offering of SufganiKing, a donut burger for Hanukkah: "*The SufganiKing is a Whopper with doughnuts in place of buns*" (JTA, 2016). Furthermore, they developed with local partners food innovations such as plant-based meat alternatives: "*Burger King's Israeli franchise operator is partnering with a local food tech company to offer plant-based meat alternatives*" (Benddavid, 2022). The ownership change provided the motivation and resources for re-entry, while the localisation strategy increased the brand's appeal to a wider range of consumers within the Israeli market. As mentioned before, the goal was to open 50 restaurants in the first five years. However, this target was not met, as the company only had 18 restaurants in 2025 (Burger King Israel, 2025; Hayut, 2016). This indicates that Burger King overestimated the market potential at the time of its re-entry.

### 4.4.2. Wendy's in Japan

Wendy's is an American fast-food chain founded in 1969 in Ohio (Wendy`s, 2025b). As of 2023, they predominantly operated via franchise units with over 7,000 restaurants in over 30 countries (Wendy`s, 2025a). Wendy's first entered Japan in 1980 with a franchise business. In 2009, the franchisee, a local restaurant operator, quit the contract to focus on other restaurant formats: "*Wendy's ended its 29-year history in Japan after Zensho ended its franchise contract*" (The Japan Times, 2011). However, in 2011, they were able to return with a local JV partner with significant experience in the fast-food market: "*Wendy's/Arby's International and Higa Industries signed a JV to develop Wendy's in Japan. Higa Industries owned and operated 180 Domino's Pizza stores in Japan before selling the business in February 2010*" (Japan Today, 2011).

Between Wendy's exit and re-entry, there was a surge in consumer attention toward the brand in Japan, as evidenced by significant social media discussions and expressions of interest, suggesting the existence of unsatisfied demand. One reported noted: "*There had been a huge Wendy's following in Japan on social media, urging Wendy's to return*" (Japan Today, 2011). This market-driven change suggested a potentially receptive audience for Wendy's products, particularly if the brand could effectively leverage this pre-existing demand through strategic marketing and engagement.

However, simply knowing there is demand is not enough. Wendy's needed to understand what

was driving that demand (nostalgia, perceived quality, etc.) to tailor their re-entry strategy accordingly. Wendy's re-entry strategy included two key operational changes: partnering with an experienced local partner and adopting a high-end positioning tailored to the Japanese market. The local partner provided valuable market knowledge and operational expertise, mitigating the risks associated with navigating a complex cultural and regulatory environment. The high-end positioning, reflected in the foie gras rossini burger for 16 dollars, aimed at differentiating Wendy's from existing competitors and appeal to a specific segment of Japanese consumers willing to pay for a premium fast-food experience. This reflects an RBV approach involving leveraging the partner's knowledge as a key resource.

Overall, Wendy's re-entry strategy can be attributed to the synergistic combination of strong consumer demand, strategic partnership with an experienced local operator, and effective localisation through a high-end positioning strategy. Some articles noted: "*Wendy's is making a high-end re*-entry *into Japan with a $16 burger festooned with foie gras and truffles*" (Hsu, 2011); "*The Foie Gras Burger accounted for 30% of sales in 2012*" (ULPA, 2017). The local partner enabled Wendy's to adapt its menu and operations to meet the specific preferences of Japanese consumers, while the high-end positioning allowed the brand to capture a premium segment of the market. This is different for their old offering, where they had a more traditional fast-food offering which was hard to differentiate from competitors and not what consumers expected in Japan: "*Unlike the USA, where fast-food was synonymous with convenience and value, Japanese consumers demanded more quality, presentation, and an experience that resonated with their cultural values. Wendy's failed to localise its menu, sticking to its standard American offerings*" (ULPA, 2017). This highlights the importance of both understanding market opportunities (demand) and building the necessary organisational capabilities (local partner and localisation) to capitalise on those opportunities.

Further, the brand identity was changed at the re-entry: "*Wendy's targeted high-end districts like Roppongi to cultivate a premium brand* identity" (ULPA, 2017). When Wendy's first entered Japan, they had issues in finding a good location as they were rather late to the market. Hence, at the re-entry, they were able to get better locations for the targeted costumer segment. This change in positioning was possible as the local partner had experience in introducing western brands to Japan, which the old partner did not have. One report noted: "*Ernie Higa brought a deep understanding of local consumer preferences*" (ULPA, 2017).

However, the suggested initial success did guarantee not a long-term success. In 2016, Wendy's acquired First Kitchen with 136 stores, which enabled them to tap into a broader food segment such as pasta, which was more appealing for families. Yet, as of September 2025, Wendy's only had 83 stores in Japan (Wendy`s Japan, 2025). This is way below the estimated market potential of 700 restaurants in 2012 and plan of opening 100 restaurants within the first five years. According to prior reports, "*Wendy's Japan aimed for a market potential of 700 restaurants"* (Betros, 2012); and "*Wendy's planned to open 100 restaurants in five years after re-entering Japan*" (The Japan Times, 2011). Therefore, the overall success

remains questionable, especially considering that they had, at some point, over 100 restaurants in the country with the acquisition. Nevertheless, no detailed information is available as to why the store numbers have decreased, but it is probably due to poor location performance. Therefore, it can be assumed that Wendy's overestimated the market potential in Japan.

### 4.4.3. Popeyes in South Korea

Popeyes is an American fast-food chain founded in 1972 in Louisiana and is known for its fried chicken. As of 2025, they have over 4,900 restaurants worldwide. Today, Popeyes is part of Restaurant Brands International, which also owns Burger King and Tim Hortons (Popeyes, 2025; Restaurant Brands International, 2025). Popeyes first entered South Korea in 1994 with a franchise business. Interestingly, the franchise had over 200 stores in 2004 and was one of the country's top four fast-food brands. However, the number declined to 10 outlets in 2019. Eventually, in 2020, the franchisee shut down the operations due to high competition and low sales, with Popeyes making a strategic exit from this market: "*Popeyes opened more than 200 stores before going into hiatus in 2020, citing financial difficulties and low sales*" (Dong, 2022); and "*At its peak, Popeyes had over 200 outlets, but only 10 remained in 2019*" (How, 2022). The reason for the shrinking market share in the country was that Popeyes was successful before major competitors like KFC entered but lost sales to them after their entry: "*The number of Popeyes branches declined after rivals like Mom's Touch and KFC entered the market*" (Lee, 2022).

However, in 2022, they made then a re-entry attempt with Non Luxurious Company, which is owned by Silla Group, a South Korean conglomerate. The new partner had distinct competences in industries such as restaurants, sea-food distribution, deep-sea fishing, agriculture, and industrial manufacturing, which positioned them better to efficiently operate the business. The restaurant competences suggest that the new partner was highly qualified and had the suitable financial resources for a market re-entry (Jeong & Seo, 2023; Popeyes, 2022). In South Korea, chicken is one of the most consumed food categories and is one of the biggest growing food segments. This market-driven demand creates a favourable environment for Popeyes, suggesting a great potential for success. Some reports noted: "*Silla convinced RBI with its distinguished strategy for Popeyes in a saturated market*" (Kim, 2022); and "*Chicken is one of the biggest growing categories in Korea's quick service market*" (Lee, 2022).

The fact that McDonald's South Korea was potentially for sale indicates a possible shift in the competitive landscape, potentially creating opportunities for Popeyes to gain market share. However, it also implies that competition is high: "*During Popeyes' absence, chains like McDonald`s Korea and Mom's Touch were put up for sale*" (Jeong & Seo, 2023). Popeyes partnered with a new partner who brought a revised strategy focused on the Louisiana heritage and the fact that they brought the Cajun taste to Korea and pricing the burgers more cost-effectively: "*Among its competitors, Popeyes was once considered overpriced. But Lee says*

*food must be assessed for cost-effectiveness… Popeyes is emphasizing its authentic Louisiana style and Cajun taste*" (Jeong & Seo, 2023).

Furthermore, Silla Group updated the store menu and interior to make it more modern. They also adapted digital innovations in their stores: "*Shilla Trading plans to upgrade Popeyes' menu and interior to be more modern*" (Choi, 2022); and "*Popeyes will feature digital ordering, mobile ordering, and delivery*" (Restaurant Brands International, 2022). This strategic shift was driven by the realisation that Popeyes' previous positioning as an overpriced option hindered its performance. The fact that there were long queues upon re-opening suggests a strong brand recognition, which the partner aimed to leverage through a new lower-pricing strategy to make the product accessible to the broader consumer market. One report noted: "*Long queues formed at Popeyes Korea's Gangnam location on opening day*" (Jeong & Seo, 2023).

In summary, Popeyes' re-entry hinged on the combination of leveraging existing brand trust and adapting to market conditions through a new partner with a lower-pricing strategy. The popularity of chicken in Korea provided a favourable market context, while the revised strategy addressed the previous issue of being perceived as overpriced. This shows how the brand can serve as a valuable resource for a re-entrant. Furthermore, the re-entry is in line with Popeyes strategic expansion plan: "*In 2021, Popeyes announced agreements to enter the UK, Romania, France, and India*" (Restaurant Brands International, 2022). At the opening of Popeyes, it was announced to open 100s of restaurants in Korea (Popeyes, 2022). However, as of beginning of 2025, there were only 11 stores in Korea (Popeyes Korea, 2025). This suggests that the market potential in South Korea was overestimated.

### 4.4.4. A&W in Singapore

A&W is an American fast-food chain that opened its first restaurant in 1919 in California. A&W predominantly operates with a franchise system (A&W, 2025). Since 2011, the company is owned by A Great American Brand, which is owned by several A&W franchisees (Times, 2011). A&W first entered Singapore in 1966 with a franchise business. In 2003, the franchisee shut down its operations due to the high competition and accumulated losses: "*A&W had only five outlets when it pulled out of Singapore in 2003 due to losses"* (Koh, 2017).

In 2019, they made a re-entry attempt with a WOS, which allowed them to have a better control over the quality: "*Investing directly in Singapore gives A&W more room to control quality"* (Beritaharian, 2019). Between A&W's exit and re-entry, there was a greater emphasis on localisation; specifically, obtaining halal certification and incorporating local dishes from neighbouring Malaysia and Indonesia. This market-driven change reflected a growing awareness of the importance of catering to the specific dietary requirements and preferences of the Singaporean population. Halal certification is not just a nice to have; it is a crucial market access requirement for a significant portion of the population: "*A&W Singapore*

*intends to apply for halal certification and incorporates regional favourites*" (Inside Retail Asia, 2019). Unlike the initial franchise model, A&W chose to directly manage its re-entry operations in Singapore. This strategic shift allowed A&W to exert greater control over quality, branding, and operational consistency, potentially addressing the issues that led to its previous exit. A&W's re-entry strategy focused on direct management to ensure quality and consistency, coupled with localisation efforts to appeal to local tastes. By offering halal-certified options and incorporating dishes from neighbouring countries, A&W aimed to establish a strong brand presence and capture a significant share of the Singaporean market. Thus, a company need not always need a new partner but can also allocate resources by itself. At their re-entry, A&W experienced substantial demand, indicated by long queues at the opening: "*Hour-long queues at A&W's Jewel Changi Airport opening*" (Zhang, 2019). For its store design, A&W played on the nostalgic feeling of old stores but updated some things like adding wooden seats: "*A&W's decor in Singapore remains largely unchanged, with some upgrades to furniture*" (Jieying, 2019). The opening in Singapore was in line with A&W's expansion plans in Southeast Asia with the opening of 35 new restaurants in 2019 alone (Goldberg, 2019). At their return, they announced to make a slow re-entry and not open 20-30 restaurants at a time. Hence, as of the beginning of 2025, they operate 9 (A&W Singapore, 2025): "*We deliberately took a slower step*" (Beritaharian, 2019). Considering that its competitor Burger King had 69 locations in Singapore as of 2025, the overall success of A&W's re-entry remains questionable (Burger King Singapore, 2025).

### 4.4.5. McDonald's in Trinidad & Tobago

McDonald's is an American fast-food chain founded in 1954 in California. Today, it has over 36,000 restaurants in over 100 countries (McDonnald`s, 2025). McDonald's first entered Trinidad & Tobago in 1997 with a franchise business. In 2003, the franchisee shut down the operations due to low sales: "*McDonald's closed its two outlets in Trinidad & Tobago in 2003 as sales declined*" (Trinidad Express, 2011). In 2011, they made a re-entry attempt. There was a growing awareness of the importance of healthier food options among consumers in Trinidad & Tobago. This market-driven change presented both a challenge and an opportunity for McDonald's. On the one hand, it could deter consumers from traditional fast-food offerings. On the other hand, it created a gap for a new market.

Eventually, the largest McDonald's franchise holder in the world took the franchise licence in Trinidad & Tobago, introduced a new fresh line with healthier food options which was new for the Caribbean (salads, juices and so on), and offered a localisation of the menu. Some articles reported: "Arcos *Dorados, the largest operator of McDonald's restaurants, will open its first McDonald's restaurant in Trinidad, at The Falls at West Mall*" (Trinidad Express, 2011); "*Trinidad would be the first Caribbean market to feature the restaurant's fresh line, offering healthy options*" (Choy, 2011); and "*McDonald's in Trinidad & Tobago incorporated local ingredients and menu items like the Trini Spicy Chicken Sandwich*" (Abita LLC &

Marketing Japan, 2024).

The experienced franchisee provided valuable resources and expertise, while the new fresh line and menu localisation aimed to address the growing demand for healthier and locally relevant options. Before its re-entry, Arcos Dorados conducted extensive research over two years to evaluate the market (Choy, 2011). Thus, McDonald's re-entry in Trinidad & Tobago hinged on the combined effects of having a professional franchisee, localisation of the menu, and offering fresher products. These strategic adaptations allowed McDonald's to tap into the market. As of 2025, McDonald's had four stores in Trinidad & Tobago, which they already had in 2016. Thus, it is hard to evaluate if the market does not have more potential or they are not successful (McDonnald`s Trinidad & Tobago, 2025; Trinidad Express, 2016).

### 4.4.6. Dunkin' in the UK

Dunkin' is an American fast-food chain founded in 1950 in Massachusetts, and has now over 12,000 locations in over 40 countries (Dunkin`, 2025a). As of today, Dunkin' is part of Inspire Brands, which also owns Arby's, Baskin-Robbins, Buffalo Wild Wings, Jimmy John's, and SONIC (Inspire Brands, 2025). Dunkin' re-entered the UK in 1988 with a franchise business after its first attempt from 1965 to 1968. In 1999, the local franchisee ceased operations due to continuous losses: "*Dunkin' closed its UK outlets in 1999 after continuous losses*" (Farrell, 2014). In 2013, Dunkin' made a second re-entry attempt. Between Dunkin's second exit and second re-entry, a competitor (Krispy Kreme) experienced success with its UK opening, demonstrating the potential viability of the market. However, growing consumer health concerns presented a potential challenge. Some reports noted: "*Krispy Kreme enjoyed significant success in the UK, but critics questioned if Dunkin' would succeed given changing health trends*" (Mclaughlin, 2013). While the competitor's success suggested that Dunkin' could succeed, the health concerns also implied that they needed to adapt.

Dunkin' responded accordingly, offering a broader product range. Some reports noted: "*The new stores will focus on north and east London and offer a range of products*" (Vizard, 2013); and "*The new restaurants will offer a regional menu designed for UK tastes*" (Eleftheriou-Smith, 2013). Dunkin' partnered with two experienced franchisees: one from the US and one with experience in the UK market. The US franchisee brought expertise in the Dunkin' system and brand, while the UK franchisee provided local market knowledge and operational experience. Both of these are key resources. Dunkin' re-entry strategy relied on experienced partners and capitalising on evidence that competitors had previously succeeded in the UK. The partners were able to capitalise on what was already available in the market: "*The Court Group and DDMG Ltd. signed agreements to open 25 Dunkin' Donuts restaurants each in London over the next five years*" (Vizard, 2013); "*Dunkin' Brands seeks franchisees with local market knowledge and a track record of success*" (Eleftheriou-Smith, 2013). As of 2025, Dunkin' had 28 stores in the UK (Dunkin`, 2025b), which is not that much considering that they announced to open 150 restaurants in the UK within 5 years after its re-entry (Dunkin`,

2013). This indicates that Dunkin' likely overestimated the market potential.

## 4.5. Model

To determine similar reasons for the exit, what transpired during the timeout period, and what changed after the re-entry, axial coding connected the various open codes throughout the cases. Selective coding was then used to expand the model's axial codes, and incorporate OLT and RBV (Strauss & Corbin, 1990, pp. 96, 116).

### 4.5.1. Axial Coding

To integrate a common reason, this study employed axial coding (Strauss & Corbin, 1990, p. 96). Table 4.2 provides an outline of how the statements were converted to open codes and then to axial codes. Additionally, the codes are described in the text format below. Here are some examples: Due to operational issues and poor sales, Dunkin', McDonald's, Burger King, Popeyes, A&W, and Wendy's all left their markets. This also has to do with the local franchisee terminating the contract in the cases of Wendy's, Popeyes, and Burger King. Thus, for these cases, the study identified two reasons for the exit: loss of the franchisee and operational problems. A company-driven push for re-entry was evident during the hiatus period, as evidenced by the cases of Popeyes, A&W, and Burger King (coupled with a new owner). Additionally, the cases reveal market-driven forces, such as struggling rivals in the market (e.g. Popeyes in Korea) or a competitor's successful novo entrance into a market (e.g. Dunkin' in the UK). Then, in several cases you can see a change in consumer behaviour, which was the case for McDonald's in Trinidad and Tobago, and Dunkin' with a greater awareness for healthier items, and Popeyes in Korea with a notable increase in demand for chicken. Long lines for Wendy's and A&W re-entry, as well as social media conversations around Wendy's re-entry further demonstrate the desire from customers for Wendy's products. Wendy's in Japan and A&W in Singapore altered their operation mode to better serve their respective markets. In general, businesses attempted to meet local needs by employing a localisation strategy either by themselves or with a partner, which implies market knowledge and adaptation. Additionally, well-known fast-food companies can benefit from their market credibility and brand awareness, which aids in attracting new customers and locating compatible partners. For instance, A&W in Singapore was able to draw in local customers by offering well-known items from its neighbouring A&W restaurants in Malaysia and Indonesia. However, the companies frequently failed to reach their own re-entry targets within the given time frame. Consequently, the overall success of the re-entry is still in doubt.

| | Original statement | Open Coding | Axial Coding |
|---|---|---|---|
| **Exit Reasons** | Dunkin' UK: *"The outlets and bakeries were all closed down in 1999, after continuously losing money"* (Farrell, 2014). | Continuous losses | Operational issues |
| | McDonald's Trinidad & Tobago: *"Under a different franchisee, McDonald's operated two outlets in Port of Spain and San Fernando from 1997 until 2003. The restaurants closed as sales declined in the country"* (Trinidad Express, 2011). | Sales decline | |
| | Burger King Israel: *"Burger King Europe GmbH and A. Orgad Holdings Co. Ltd. (Orgad) that operate 55 Burger King franchised restaurants in Israel have both amicably agreed to terminate all franchisee agreements"* (QSRWeb, 2010). | Franchise partner terminated contract | Loss of franchisee |
| | Wendy's Japan: *"Wendy's ended its 29-year history in Japan at the end of 2009 after restaurant operator Zensho Co. decided to end its franchise contract." (The Japan Times, 2011)* | Franchise partner terminated contract | |

| | | | |
|---|---|---|---|
| **Timeout Time** | *"In 2021, Popeyes® announced agreements to enter the UK, Romania, France and India, and to expand in Mexico and Saudi Arabia" (Restaurant Brands International, 2022).* | Market expansion by new entries | Push for market extension by company |
| | *"The new location is the latest of at least 45 international and domestic locations the company expects to open this year -- 35 of them across Southeast Asia, where A&W is focusing much of its international expansion" (Goldberg, 2019).* | Market expansion in area | |
| Re-entry | *"Wendy's/Arby's International Inc and Higa Industries Co Ltd, a successful food importer and distributor based in Tokyo, have signed a JV agreement ..." (Japan Today, 2011).* | JV with local partner - Switch from franchise to JV | Change in Operation Mode |
| | *"Investing directly in the Singapore market gives A&W more room to control quality, he explained (state by A&W CEO Kevin Bazner)" (Beritaharian, 2019).* | Directly managed by A&W - Switch from franchise to WOS | |

*Table 4.2: Overview of process open coding to axial coding*

### 4.5.2. Theory Building – Selective Coding

The theory-building process employed selective coding (Strauss & Corbin, 1990, p. 116), wherein the axial codes were assigned to the corresponding times (exit, timeout time and re-entry) and were connected to each other. Finally, OL and behavioural theory were incorporated into the suggested model.

#### *4.5.2.1. Burger King Israel*

**Organizational Learning**

Burger King learnt that it needed a local partner who does more than just oversee the franchise agreement; they also need to invest in local stores. Hence, it prioritised localisation to better compete with regional rivals by providing more kosher eateries, locally inspired cuisine innovations, and better-tailored options like the SufganiKing at Hanukkah. Having a business partner that has already invested in other companies in adjacent industries provided the market expertise and experience needed for the successful re-entry.

**Behavioural Theory**

The decision to abandon the sub-franchising system in favour of a single direct franchisee demonstrated organizational learning from previous challenges. This change reflects the concept of imperfect environment matching (Cyert & March, 1994, p. 215), where the firm adapted its governance structure after recognizing that the old system did not align well with local operational and competitive needs.

Following the acquisition by a new parent company, managerial unlearning of ineffective routines occurred. This reframing of assumptions and governance approaches is linked to bounded rationality (Cyert & March, 1994, pp. 214-215), where decision-making improved as new leadership sought workable governance structures, moving beyond the limitations of prior beliefs.

Another significant change was the increased localization of management and operations, which represented ongoing, iterative adaptation to better align with the specific realities of the host market. This also exemplifies imperfect environment matching (Cyert & March, 1994, p. 215) as the firm refined its approach to suit local conditions.

Finally, the shift to a single direct franchisee helped reduce disputes that had arisen among multiple franchisees. This governance change was a deliberate effort to minimize unresolved conflicts (Cyert & March, 1994, p. 215), improving the overall partnership dynamics within the franchise system.

#### *4.5.2.2. Wendy's Japan*

**Organizational Learning**

Wendy's discovered that to successfully adapt western fast-food brands to Japanese consumers, it needed a local partner with substantial experience. By establishing a JV with the local partner, they modified their business plan. Specifically, they targeted a higher priced market segment by offering premium meals like the foie gras rossini burger because the partner possessed unique local knowledge. Thus, at the re-entry, they modified the menu to better meet local demands because Japanese and American customers had different expectations.

**Behavioural Theory**

The company's exit in 2009 and subsequent re-entry in 2011 through a JV with Higa Industries, an experienced local partner, illustrates the concept of unresolved conflict (Cyert & March, 1994, p. 215). By partnering with one strong and trusted local actor, the company was able to reduce negotiation frictions and goal misalignment that had previously occurred in weaker partnerships.

The switch from a generic franchisee model to a JV, along with a move to a premium market positioning, signified a deliberate change in organizational routines. This strategic repositioning reflects imperfect environment matching (Cyert & March, 1994, p. 215), as the company adapted its approach to better align with Japanese consumer preferences.

Additionally, the response to consumer nostalgia and the demand driven by social media highlights bounded rationality (Cyert & March, 1994, pp. 214-215). The company recognized the limitations of its prior market knowledge and chose to leverage emotional brand equity as a practical competitive advantage, rather than attempting to broadly capture the mass market.

#### *4.5.2.3. Popeyes South Korea¨*

**Organizational Learning**

Popeyes made a comeback to the South Korean market with a highly motivated partner who had the required financial resources and substantial restaurant industry experience, which the previous partner lacked. The new partner had a well-defined strategy for repositioning the brand to better suit local demands and capitalise on the established brand expertise. To better serve local demands, the franchisee updated the menu and store design. They also added new digital advances to the restaurants.

**Behavioural Theory**

The introduction of a new partner, Silla Group, who brought strong sector experience, reflects the concept of unresolved conflict (Cyert & March, 1994, p. 215). This careful partner selection was aimed at aligning goals and capabilities, thereby reducing friction during the execution of operations.

The company also undertook menu modernization, adjusted prices away from previous overpricing, and adopted digital ordering systems. These updates exemplify imperfect environment matching (Cyert & March, 1994, p. 215), as the firm adapted to local consumer behaviour and the pace of technology adoption in the market.

Furthermore, abandoning ineffective routines such as overpricing demonstrates bounded rationality (Cyert & March, 1994, pp. 214-215). The company recognized that its previous pricing strategy was flawed and therefore sought a more workable and effective approach to pricing.

#### *4.5.2.4. A&W Singapore*

**Organizational Learning**

When A&W returned to Singapore with a WOS, they were in the middle of a local expansion period in Southeast Asia. Compared to the previous franchisee business model, this gave them more power over the company. To better meet local needs, A&W aimed to gain a halal certification and incorporate local recipes from its restaurants in adjacent countries. Although they changed their business strategy and put more of an emphasis on localisation, it is still unclear how much of this is due to outdated information because the 16-year timeout period was very lengthy.

**Behavioural Theory**

The company's re-entry as a WOS aimed to regain control and ensure quality, illustrating the concept of unresolved conflict (Cyert & March, 1994, p. 215). Direct ownership minimized dependency on franchisees whose goals may not have been fully aligned with the company's. This re-entry was characterized by a slow and careful expansion strategy, in contrast to the previous aggressive franchise rollout. This approach reflects bounded rationality (Cyert & March, 1994, pp. 214-215), as the company adopted a more cautious strategy after recognizing the limitations of its information and over-optimism during the initial entry.

Additionally, the firm balanced nostalgia marketing with updated décor. This represents imperfect environment matching (Cyert & March, 1994, p. 215), as the company adjusted its brand assets to resonate with local sentimental values while simultaneously modernizing to meet current standards.

#### *4.5.2.5. McDonald's Trinidad & Tobago*

**Organizational Learning**

McDonald's used its largest franchisee in the world for its entry in Trinidad & Tobago, indicating no operational problems. By incorporating regional tastes and providing healthier meal options like salads, the franchise localised its product line. Additionally, before opening the first store, they thoroughly analysed the market. However, given the eight-year hiatus and modifications made, it is unclear how much of the learning is actually based on prior experience or merely thorough market study before reopening and menu customisation. However, the case shows that the partner is extremely qualified to open and run the restaurants, which may be interpreted as learning.

**Behavioural Theory**

The company addressed earlier franchise management failures; however, some global routines still persisted. This reflects imperfect environment matching (Cyert & March, 1994, p. 215), as the partial adaptation indicates an ongoing mismatch between corporate routines and the specific needs of the local market.

At the same time, the company made incremental adjustments to local food culture and service. This approach exemplifies bounded rationality (Cyert & March, 1994, pp. 214-215),

involving gradual and feasible changes rather than a complete overhaul or full-scale redesign.

#### *4.5.2.6. Dunkin' UK*

**Organizational Leaning**

Dunkin' selected partners that had experiences in the franchise sector in the UK had operated franchisees of Dunkin' in the US. Consequently, Dunkin' had partners who were knowledgeable about the Dunkin' franchise structure as well as the local area. Due to a competitor's successful market entry, they were able to determine the best time to re-enter the market. Additionally, they tailored their menu to the tastes of the UK by include teas, coffees, frozen beverages, sandwiches, muffins, doughnuts, and croissants. Although they made an effort to adjust to local demands, the 14-year layover period makes it difficult to assess how much of it is a lesson learnt from past experiences. However, they build on the best partners to take advantage of the local markets by collaborating with franchisees who are familiar with the Dunkin' system and others who are familiar with the UK market. This can be considered as learning.

**Behavioural Theory**

The company partnered with both US and UK franchisees to combine system know-how with local market knowledge. This dual-partner model addresses unresolved conflict (Cyert & March, 1994, p. 215) by aligning differing capabilities and interests, thereby reducing potential friction in operations.

Additionally, the firm developed a broader and more localized product range tailored to UK tastes and health trends. This reflects imperfect environment matching (Cyert & March, 1994, p. 215), as the company adapted its product offerings to align with evolving health-conscious consumer preferences in the market.

Finally, the expansion plan was tempered over time. This change demonstrates bounded rationality (Cyert & March, 1994, pp. 214-215), with the company recognizing that its initial targets were overly ambitious and adjusting them to more realistic and achievable goals.

### 4.5.3. Cross Case Comparison

Generally, the companies in the above cases benefited from their prior market expertise and have learnt something from their initial experience. However, re-entrants with longer timeout periods, like A&W, McDonald's, and Dunkin', follow a similar localisation path to those with shorter timeout times and occasionally attempt to capitalise on their prior brand knowledge. In fact, it is interesting to observe that the second entries into the countries are often not much more successful than the initial entries into the countries were. Hence, the extent to which a re-entrant can actually benefit from their initial market knowledge to perform better is not clear. Still, the examples demonstrate that businesses attempt to better meet local requirements by partnering with a knowledgeable local partner who understands how to appropriately allocate resources.

Across cases, organizational learning frequently involved recognizing the need for better local

market adaptation and improved partner selection - often shifting from multiple or generic franchisees to trusted, experienced local partners or WOS to reduce conflicts and gain better control. This aligns with the unresolved conflict concept.

Localization of products, pricing, and operations was a common adaptation, reflecting imperfect environment matching (Cyert & March, 1994, p. 215) - firms acknowledged that global routines or prior strategies did not fully fit local consumer preferences or market conditions.

Finally, many cases exhibited bounded rationality (Cyert & March, 1994, pp. 214-215), with cautious reconsideration of past over-optimism, gradual adaptation, and pragmatic strategy reframing based on limited local market knowledge and capabilities.

Together, these findings show how behavioural theory (Cyert & March, 1994, pp. 214-215) concepts help explain how multinational fast-food firms learn from failures and successes to adapt organizational structures, governance, and market strategies in complex, varied foreign markets.

### 4.5.4. Model

After combining all axial codes and theoretical ideas, the model illustrated in Figure 4.1 was derived. At the exit stage, the study identifies two common reasons: operational issues and loss of franchisee, which can be understood through the lens of unresolved conflict (Cyert & March, 1994, p. 215), misaligned goals and governance failures that create friction which precipitates exit.

Between exit and re-entry, company-specific changes such as ownership shifts and expansion ambitions interact with market-driven changes like competitor dynamics and evolving consumer behaviour. These conditions create an environment of bounded rationality (Cyert & March, 1994, pp. 214-215) where firms must make decisions under information constraints and uncertainty about the local context. This explains why companies undertake incremental adjustments and search for workable governance or operational models rather than extensive overhauls.

The learning from prior market activities, while limited, indicates some development of imperfect environment matching (Cyert & March, 1994, p. 215), firms recognize that previous governance or business routines did not fit local conditions and thus adapt their partner selection, resource allocation, and operational modes accordingly. This adaptive process often involves balancing global routines with local customization.

Moreover, large fast-food companies leverage learning by drawing on brand reputation and consumer experiences from the first attempt, reducing risk when re-entering. This shared brand trust helps overcome some bounded rationality limits by providing a cognitive shortcut.

The interplay of behavioural theory concepts, bounded rationality (Cyert & March, 1994, pp. 214-215) in decision-making, imperfect environment matching (Cyert & March, 1994, p. 215) in adaptive strategies, and unresolved conflict (Cyert & March, 1994, p. 215) in partner

alignments, collectively enhances firms' path-dependent learning (Eriksson et al., 2000) out of the first experience which then enhances their ability to improve resource allocation, choose better local partners, and adjust operations. Together, these mechanisms increase the likelihood of successful re-entry in complex and uncertain foreign markets. Nevertheless, the term 'success' requires critical analysis. All the re-entries can be considered successful in the sense that the brands remain active in their respective host markets and continue to generate revenues. For the franchise cases of Dunkin' UK, McDonald's Trinidad & Tobago, Burger King Israel, and Popeyes Korea, these ventures are likely already profitable. However, the initially announced targets for the number of locations were often not fully met.

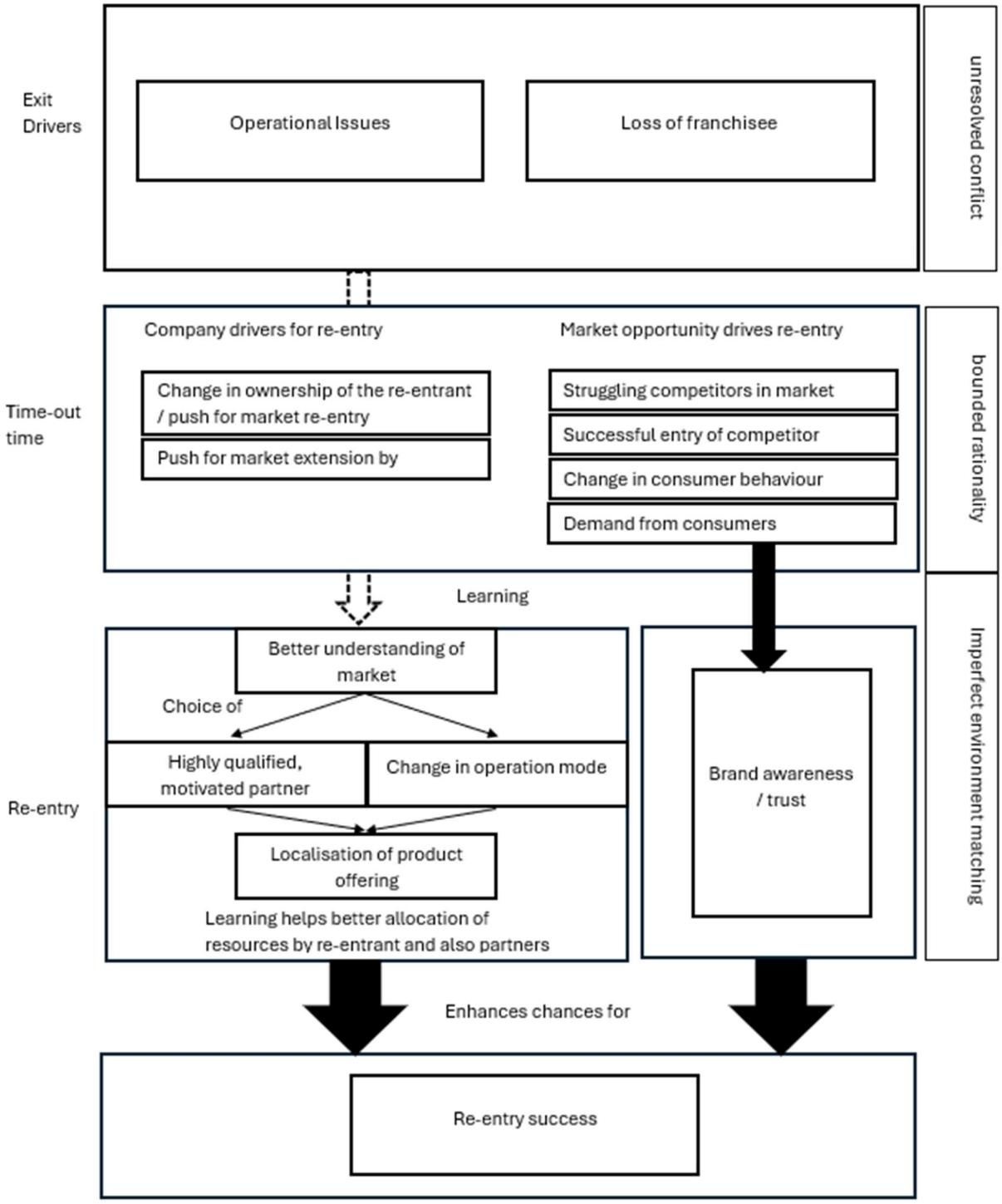


*Figure 4.1: Re-entry Model*

## 4.6. Discussion

### 4.6.1. Theoretical Implications

While OLT argues that organisations can learn and develop from their experiences (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), our findings in the context of market re-entry suggest that the effect of learning is rather limited. This is in contrast to the findings of Javalgi et al. (2011, pp. 388-389), which suggest that firms are able to profit from their initial market knowledge. The study shows that for the fast-food chains, a re-entry is driven more by company and market developments. Overall, being a re-entrant appears to have little impact over being a novo entrant, as re-entrants in new markets have the same difficulties as newcomers.

This study's findings contribute valuable insights to the behavioural theory (Cyert & March, 1994, pp. 214-215) of the firm by illustrating how multinational fast-food companies navigate complex challenges during exit and re-entry in foreign markets. First, the research highlights the continued relevance of bounded rationality (Cyert & March, 1994, pp. 214-215) in real-world strategic decisions. Firms repeatedly face limitations in information and local market knowledge, leading to cautious, incremental adjustments rather than radical transformations. This underlines the importance of recognizing cognitive constraints and the iterative nature of decision-making in dynamic international contexts.

Second, the concept of imperfect environment matching (Cyert & March, 1994, p. 215) emerges as a critical explanation for firms' need to adapt governance structures, partner choices, and operational routines to heterogeneous local environments. The repeated adjustments - ranging from localization of menus to changes in franchise systems - demonstrate that firms can never fully transplant home-country practices but must tailor their approaches to fit the specific cultural, competitive, and regulatory conditions they encounter.

Third, the role of unresolved conflict (Cyert & March, 1994, p. 215) within partnerships and franchisee relationships provides an important lens for understanding governance failures and the motivations behind ownership shifts or partnership restructuring. By focusing on alignment of goals and capabilities through more deliberate partner selection or direct ownership models, firms mitigate conflicts that previously contributed to exit.

Collectively, these findings extend behavioural theory (Cyert & March, 1994, pp. 214-215) by emphasizing how organizational learning is both constrained and shaped by bounded rationality, environmental complexity, and relational dynamics in international expansions. The study also contributes to understanding the practical mechanisms of learning from failure and how this learning influences firms' strategic adaptations on re-entry.

Moreover, the evidence on leveraging brand equity and consumer experience from multiple markets adds nuance to traditional behavioural assumptions, suggesting that cognitive shortcuts and path-dependent learning (Eriksson et al., 2000) can supplement limited local knowledge to support more confident decision-making.

In sum, this research reinforces and enriches behavioural theory (Cyert & March, 1994, pp. 214-215) by integrating it with empirical observations of franchising dynamics, partner governance, and localization strategies, offering a nuanced model of organizational learning (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), and adaptation in foreign market re-entry.

Overall, re-entrants can position them only slightly ahead of novo entrants. However, a company can position itself much better with good market research, especially if the company has a strong brand name. However, as companies often fall behind the own expectations, re-entrants may not find it easy to fully leverage their initial market knowledge and reach the desired performance in the host market. This is consistent with the findings of Aguzzoli et al. (2021, pp. 429-431), which shows that companies should not overestimate their initial learning and be overly confident in re-entry decisions.

### 4.6.2. Practical Implications

In general, novo entrants and re-entrants in a market encounter the same difficulties. However, re-entrants have a little edge since they can capitalise on their familiarity with the market and establish credibility. Managers can attempt to use this to identify an appropriate approach in a host market, which can aid in better resource allocation. Ultimately, it comes down to applying the acquired knowledge. Despite operating in their host markets, they typically do not achieve the expected level of success. Thus, at a re-entry event, re-entrants should not overestimate the market potential and should not overestimate their learnings. If the company failed a first time in a market or at least did not achieve the expected performance, it should be very careful to think that they will be able to perform substantially better the second time. Practically, managers planning market re-entry should be mindful not only of what has been learned from previous experience but also of the behavioural limitations that can impede adaptation. Recognising the ongoing need to align partner incentives, iteratively tailor routines to local market realities, and make decisions under imperfect information can better prepare re-entrants for the persistent challenges unique to second-time entrants.

### 4.6.3. Future Research Directions

Further analysis is necessary to determine the extent to which learning appears to have a limited impact on re-entry. Furthermore, research on re-entry performance outcomes is necessary to determine how re-entrants can benefit from their fresh entrance in the long run. This is particularly important considering that many of the fast-food businesses under investigation failed to reach their own store goals in the host nations. To further explore the impact of knowledge and better understand the distinctions between novo entrants and re-entrants, studies can also examine other industries. If the disparities between novo entrants and re-entrants are likewise not that great, more research can use a dataset across other industries. Since smaller fast-food businesses are less able to establish brand trust, their handling of re-entry events should be carefully investigated. The model makes the case that

re-entrants can benefit from their enhanced market knowledge by identifying appropriate partners and modes of operation, which enables them to better localise their product offerings. This can be further examined across industries while comparing novo entrants and re-entrants. Customers of well-known brands may hope that these brands will enter a market. Scholars can examine whether brands with a strong reputation as novo entrants vary from those with a strong reputation as re-entrants. Furthermore, future research can explore the extent to which re-entrants and novo entrants perform differently from a knowledge standpoint. In general, the process of learning may be rather case-specific. When investigating localisation, adopting menus to local tastes may be expected to be a rather common approach for restaurants. Hence, why do some companies in some host countries have to learn that that they need to localise their offering with a re-entry, while in other host countries, they figure it out the first time. While this study highlights OL, future research should also directly examine how the mechanisms of behavioural theory - such as firms' decision-making under bounded rationality, adaptation gaps from imperfect environment matching, and the management of unresolved conflicts with partners - affect re-entry performance. Comparative studies could, for example, investigate whether the degree to which firms exhibit these behavioural dimensions influences re-entry speed, adaptation quality, or partnership success across industries and institutional environments. Such research could unpack not only whether learning occurs, but how firms' cognitive and relational constraints shape the re-entry process and outcomes.

More concretely, the following testable propositions can be made:

*P1: Re-entrants with prior market knowledge are more likely to establish effective local partnerships and select suitable entry modes, which in turn enhances their ability to localise products compared to de novo entrants.*

*P2: The speed and extent of product and service localisation differ between firms; while some adapt at the initial entry, others only implement localisation strategies upon re-entry, reflecting divergent OL processes.*

*P3: A higher degree of misalignment between a firm's established routines and host-market needs (imperfect environment matching) negatively affects the effectiveness of adaptation and localisation during re-entry.*

*P4: Re-entrants that proactively manage conflicts with local partners through selective partner choice and clear governance mechanisms achieve more sustainable and successful re-entries than those that do not.*

*P5: Firms that actively address behavioural constraints - bounded rationality, imperfect environment matching, and unresolved partner conflicts - achieve superior re-entry outcomes (e.g., faster establishment, higher localisation quality, and more stable partnerships) than firms relying primarily on experiential learning from past failures.*

## 4.7. Conclusion

The study proposes a model which integrates OL and the new lens of behavioural theory to show that compared with novo entrants, re-entrants can profit from their previous experience to a small extent. This experience helps the re-entrants to better understand a market in terms only of the choice of operation mode and subsequent partner selection, as observed in several of the fast-food chain cases. With a suitable partner, a re-entrant can be better allocate products to local tastes. Furthermore, large fast-food chains can profit from the brand awareness in the market from both their first attempt and global presence. Together, this helps re-entrants to position themselves slightly ahead of a novo entrant in terms of market knowledge, partner selection, and even partner availability. Therefore, re-entrants seem to have, in our cases, enhanced chances for long-term success. Still, overall, re-entrants should be careful to not overestimate market potential, as the researched re-entrants seemed to have done so or underestimated market challenges. Generally, re-entry performance outcomes need to be further studied in detail and re-entry success need to be defined. The findings confirm that integrating behavioural theory offers valuable explanatory depth: by foregrounding concepts such as bounded rationality, imperfect environment matching, and unresolved conflict, the study reveals why re-entrants rarely achieve dramatic competitive advantage from prior experience alone. Instead, their success depends on a realistic appraisal of information limits, iterative local adaptation, and proactive management of partner dynamics - hallmarks of behavioural theory. Emphasising these behavioural mechanisms advances the understanding of re-entry as a process shaped as much by cognitive constraints and organisational tensions as by resources and experiential learning.

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## Appendix

| **1. Company Name** | Burger King | Wendy's |
|---|---|---|
| **2. Country/Market** | Israel | Japan |
| **3. Initial Entry Date** | 1993 | 1980 |
| **4. Initial Entry Mode** | Franchise | Franchise |
| **5. Reason for Exit** | Franchise partner quit contract and merged store with a local burger brand, operational issues, accumulated losses, business went bankrupt at some point in the country | Franchise partner terminated contract |
| **6. Exit Date** | 2010 | 2009 |
| **7. Time Between Exit and Re-entry** | 6 | 2 |
| **8. Re-entry date** | 2016 | 2011 |
| **9. What has Changed Between Exit and Re-entry** | Ownership change of Burger King (push from new owner to re-enter) | Demand from consumers is high, a lot of discussions on social media |
| **10. Re-entry Mode** | Franchise | JV |
| **11. Operational Changes** | New partner, no sub franchising, kosher and non-kosher stores (localization) | Experienced local partner, high-end positioning (localization), operation modes change |
| **12. Key Observations/Findings** | Localization, change in ownership of Burger King | Localization, JV, experienced local partner, strong consumer demand |

*Table 4.A. 1: Open Coding 1*

| **1. Company Name** | Popeyes | A&W |
|---|---|---|
| **2. Country/Market** | South Korea | Singapore |
| **3. Initial Entry Date** | 1994 | 1966 |
| **4. Initial Entry Mode** | Franchise | Franchise |
| **5. Reason for Exit** | High competition, franchisee shut down operations, strategic exit | Competition and made loses |
| **6. Exit Date** | 2020 | 2003 |
| **7. Time Between Exit and Re-entry** | 2 | 16 |
| **8. Re-entry date** | 2022 | 2019 |
| **9. What has Changed Between Exit and Re-entry** | Chicken is one of the fastest-growing consumer segments; other big players such as McDonald's are for sale. | Demand from consumers (queues at opening), first location in airport also easy to attract international clients, localization (halal certification, to build on old important consumer segment and consider local situation), local dishes from Malaysia and Indonesian A&W |
| **10. Re-entry Mode** | Franchise | WOS |
| **11. Operational Changes** | New partner with a new strategy, partner was convinced due to already existing brand value (there were long queues when they re-opened) in the market then at some point Popeyes had 200 stores in Korea but at the closing only 10, lower pricing Popeyes was considered as overpriced at some point | Directly managed by A&W |
| **12. Key Observations/Findings** | New partner with new strategy (lower pricing), building on old brand trust, active in a segment (chicken) that is popular in Korea | Localization and profit from local products in neighbouring countries, directly managed by A&W |

*Table 4.A.2: Open Coding 2*

| **1. Company Name** | McDonald's | Dunkin' |
|---|---|---|
| **2. Country/Market** | Trinidad & Tobago | UK |
| **3. Initial Entry Date** | 1997 | 1988 |
| **4. Initial Entry Mode** | Franchise | Franchise |
| **5. Reason for Exit** | Low sales | Continuous losses |
| **6. Exit Date** | 2003 | 1999 |
| **7. Time between Exit and Re-entry** | 8 | 14 |
| **8. Re-entry date** | 2011 | 2013 |
| **9. What has Changed Between Exit and Re-entry** | Awareness of healthier food | Competitor was very successful with UK opening, consumers are more health concerned (negative) |
| **10. Re-entry Mode** | Franchise | Franchise |
| **11. Operational Changes** | World largest McDonald's franchise holder did take the franchise licence, new fresh line with healthier food options (new for the Caribbean) (salads, juices and so on), localization of menu | Experienced franchisee from the US opened restaurants and experienced UK franchisee operations |
| **12. Key Observations/Findings** | Professional franchisee, localization, fresher products | Experienced partners, competitor had success with UK entry |

*Table 4.A.3: Open Coding 3*

| | **Original statement** | **Open Coding** |
|---|---|---|
| **Exit Reasons** | Dunkin' UK:<br>*"The outlets and bakeries were all closed down in 1999, after continuously losing money"* (Farrell, 2014). | Continuous losses |
| | McDonald's Trinidad & Tobago:<br>*"Under a different franchisee, McDonald's operated two outlets in Port of Spain and San Fernando from 1997 until 2003. The restaurants closed as sales declined in the country"* (Trinidad Express, 2011). | Sales decline |
| | Burger King Israel:<br>"*Burger King Europe GmbH and A. Orgad Holdings Co. Ltd. (Orgad) that operate 55 Burger King franchised restaurants in Israel have both amicably agreed to terminate all franchisee agreements*" (QSRWeb, 2010). | Franchise partner terminated contract |
| | Wendy's Japan:<br>*"Wendy's ended its 29-year history in Japan at the end of 2009 after restaurant operator Zensho Co. decided to end its franchise contract."* (The Japan Times, 2011). | Franchise partner terminated contract |
| **What has changed between exit and re-entry** | Burger King Israel:<br>*"Burger King's desire to re-enter Israel stems from ownership changes in the international company. In late 2010, the chain was acquired by Brazilian private equity fund 3G Capital for $4 billion. The buyers support an aggressive strategy of entering markets Burger King is currently not active in…"* (Yefet, 2013). | Ownership change of Burger King (push from new owner to re-enter) |
| | Popeyes South Korea:<br>*"Lee said NLC chose Popeyes for several reasons - but mostly for its brand value. Rather than growing a brand from scratch, it believed it is more efficient to use a brand that has already proven its value.*<br>*"One of the things I strongly believe is that there is no brand stronger than the one that the whole country knows," said Lee. "A 'hip' brand is not a brand that is hot but that is familiar. It's a huge asset that every Korean has tried it at least once."*<br>*Among its competitors, Popeyes was once considered overpriced. But Lee says food must be assessed for cost-effectiveness.* | New partner with a new strategy, partner was convinced due to already existing brand value (there were long queues when they re-opened) in the market then at some point Popeyes had 200 stores in Korea but at the closing only 10, lower pricing Popeyes was considered as overpriced at some point |

| | | |
|---|---|---|
| | *"The price is indeed important, but we need a new concept of cost-effectiveness that provides the best quality at the same price and provides customers another type of value," Lee said. "We are planning new experiments, like an unexpected collaboration with a wine company." Miami-based Popeyes first entered the Korean market in 1994 - latecomer into the domestic fast-food market compared to Lotteria (1979), Burger King (1984) and McDonald's (1988). Backed up by its popular crispy Louisiana-style Cajun Fries, Popeyes opened as many as 200 branches by 2004 and once vied with the others popular brands as the country's top 4 fast-food chains." (Jeong & Seo, 2023).* | |
| **Operational Change at re-entry** | A&W Singapore:<br>*"Managed directly by A&W Restaurants" (Inside Retail Asia, 2019).* | Directly managed by A&W - Switch from franchise to WOS |
| | McDonald's Trinidad & Tobago:<br>*"Eight years after closing its doors, the world's largest chain of hamburger restaurants is back with a bang and with a new franchise holder, Arcos Dorados.*<br>*Arcos Dorados (Spanish for Golden Arches) is the world's largest McDonald's franchisee …*<br>*… Trinidad would be the first market in the Caribbean to feature the restaurant's fresh line which offers a healthy option to customers…*<br>*…It offers options to people that like to have a side salad and juice."* (Choy, 2011).<br>*"… incorporation of region-specific ingredients and seasonings to create a menu that caters to the tastes of the local population…" (Abita LLC & Marketing Japan, 2024).* | World largest McDonald's franchise holder did take the franchise licence, new fresh line with healthier food options (new for the Caribbean) (salads, juices and so on), localization of menu |

*Table 4.A.4: Overview of Open Coding*

# 5. Study 3 – Market Re-Entry Strategies and Performance: Learning, Resources, and Brand Trust in the Global Automotive Industry[3]

**Abstract**

**Keywords: market re-entry, performance, organisational learning, resource-based view, automotive industry**

This study examines the conditions under which firms returning to previously exited markets (re-entrants) perform successfully, and the ways they leverage prior market knowledge. Drawing on a multi-case study of 26 international car manufacturers, the analysis identifies four distinct re-entry trajectories. Findings show that some firms overestimate market potential and underperform, while others benefit from enduring brand trust and prior market-specific capabilities when re-entering after a forced exit. A third group illustrates how firms capitalize on learning from earlier failures to enhance performance, while a fourth resembles de novo entrants with limited advantages from prior experience. By integrating an OL perspective with the RBV, this study demonstrates that successful re-entry depends on both the ability to internalize lessons from past failures and on mobilizing enduring firm-specific resources such as brand reputation. The findings contribute to international management research by offering a nuanced understanding of market re-entry as a strategic option for multinational firms. For managers, the study offers actionable guidance on how to assess the risks, timing, and strategic prerequisites of re-entering foreign markets, emphasising that re-entry success depends not on experience alone but on the firm's capacity to learn, unlearn, and reconfigure its resource base.

[3] Study 3 has been presented at EIBA 2025 as Ulrich, N.; Morschett, D.: When do re-entrants perform well, and how can they profit from their initial market knowledge? - A comparative case study of the car manufacturer industry
and got rejected after an R&R at Management International Review as Ulrich, N.: Market Re-Entry Strategies and Performance: Learning, Resources, and Brand Trust in the Global Automotive Industry

## 5.1. Introduction

Reestablishing successful operations is the goal of every company that re-enters a foreign market and needs to be studied in more detail (Sousa et al., 2021, p. 14). The phenomenon of market re-entry - where multinational enterprises reinvest in foreign markets from which they previously exited - is attracting increasing interest among international management scholars (Bernini et al., 2016; Surdu et al., 2019; Surdu & Narula, 2021). Recent empirical evidence highlights the frequency of such occurrences; for example, Surdu et al. (2018, p. 916) identified over one thousand re-entries between 1980 and 2016 across various industries. Understanding when and why re-entrants succeed or fail is highly relevant, not only for advancing international business theory but also for guiding managerial decision-making in an era marked by ongoing geopolitical volatility and shifting market opportunities.

Prior research indicates that re-entrant firms may benefit from their accumulated market experience, especially in terms of knowledge and relationships (Aguzzoli et al., 2021, pp. 429-430; Lee et al., 2014, p. 1047; Surdu et al., 2019, pp. 409, 414-415; Surdu et al., 2018, pp. 925-926; Surdu & Narula, 2021, pp. 12-13; Vissak & Francioni, 2020, p. 47). However, the extent to which these historical advantages translate into enhanced performance remains uncertain, and the academic literature is yet to address this issue in depth. Performance outcomes following market re-entry have often been explored in the context of export re-entrants, where studies have shown that sales and profits frequently improve (Chen et al., 2019, p. 164; Dominguez & Mayrhofer, 2017, p. 1059; Lee et al., 2014, p. 1047; Vissak et al., 2012, pp. 287-288; Vissak & Zhang, 2016, p. 216). Nonetheless, success is far from guaranteed, particularly where firms fail to learn from prior setbacks (Palmer, 2004, pp. 1088-1089; Vissak & Francioni, 2013, p. 956). Despite these insights, re-entry performance has not been the main focus of the majority of published research to date.

Reflecting this gap, Sousa et al. (2021, p. 14) have called for further investigation into market re-entry performance, especially in relation to firm strategy and international management. This study responds to this call by examining the market re-entry of automotive companies, focusing specifically on the conditions under which re-entrants achieve successful outcomes. For the purposes of this research, firms are classified as re-entrants if they experienced at least a twelve-month interruption in sales activities within the host country. While it is reasonable to assume that previous market knowledge could be leveraged to support renewed operations, the mechanisms and effectiveness of this process remain unclear.

The central objective of this study is therefore to contribute to the broader understanding of market re-entry attempts and to uncover dominant re-entry patterns by analysing a single sector (Mohr et al., 2018; Schmid & Morschett, 2023). Practitioners and scholars alike require greater insight into how re-entrants can deploy resources and adapt strategies for sustained success. The global car industry, with annual revenues estimated at approximately USD 4.3 trillion, provides an especially pertinent context for this analysis (Global Newswire, 2024).

Methodologically, the study employs a comparative multi-case study design to analyse 26 re-

entries by car manufacturers, classifying firms as re-entrants following a minimum of twelve months without sales in the host market. By foregrounding both theoretical and managerial imperatives, the study seeks to answer the following research question: Under what conditions do market re-entrants achieve successful performance outcomes in foreign markets?

The study offers several key contributions. First, it advances international business theory by conceptualising market re-entry as a dynamic process of capability reactivation and adaptation rather than a mere continuation of prior internationalisation. This approach clarifies how contingencies such as the cause of exit, duration of market absence, and type of learning influence performance upon return. Second, it extends the RBV and OLT by identifying how enduring assets like brand trust and market knowledge can either facilitate or hinder re-entry, depending on firms' ability to reconfigure them to fit changed environments. Third, it provides a nuanced typology of re-entry patterns - ranging from failure repetition to transformative renewal - that helps explain heterogeneous outcomes across firms. Finally, the study contributes managerially actionable insights, showing that effective re-entry requires both strategic patience and deliberate investment in learning, local adaptation, and brand rebuilding.

## 5.2. Theoretical Background

Sousa et al. (2021, pp. 7, 13, 15) explicitly call for more research on foreign market re-entry performance, noting that despite growing academic interest, the relationship between the re-entry phenomenon and its consequences remains underexplored and has not yet received sufficient empirical attention. They highlight that different theoretical perspectives have been used in re-entry research, but emphasize that the RBV and organizational learning theory are especially well-suited to explain the complexities of re-entry, as these frameworks address how firms leverage resources and accumulated knowledge to inform re-entry decisions and performance. This underscores the need for future studies to integrate RBV and organizational learning perspectives to advance understanding of re-entry performance.

### 5.2.1. Resource-Based View

The RBV emphasizes that a firm's unique resources and capabilities - those that are valuable, rare, inimitable, and non-substitutable - are central to achieving sustainable competitive advantage, and these factors critically shape market entry strategies (Barney, 1991). For example, (Ekeledo & Sivakumar, 2004, pp. 74, 89) develop and test a resource-based framework for entry mode choice, showing that firms assess their internal strengths to determine the most suitable entry mode. In emerging economies, the institutional environment interacts with resource-based considerations, leading firms to choose JV or acquisitions to access local resources that are difficult to develop independently (Meyer et al., 2009, pp. 71-74). Hollender et al. (2017, pp. 258-259) highlights that both resources (e.g., international experience) and capabilities (e.g., product adaptation) jointly influence the performance of market entry strategies, especially for SMEs. The effectiveness of entry modes is enhanced

when firms can exploit their resources through appropriate capabilities, supporting a configurational approach rather than viewing resources and strategies in isolation.

According to Yayla et al. (2018, pp. 1109, 1112), re-entry decisions are significantly impacted by relational capital, which is defined as access to market-specific resources like customers and channel partners. In their work, Bernini et al. (2016, pp. 1069, 1073) demonstrate the same resources that keep businesses from leaving a market - such as management skills and capabilities - allow them to re-enter it more quickly. However, they contend that both, internal and external resources, are important for re-entry and that resources should be considered as only one of the determining factors. Chen et al. (2019, pp. 164, 166) found that because of their prior market activity, re-entrants possess some unique resources that set them apart from novo entrants. Re-entry performance is significantly improved by those resources. They also demonstrate how information and resources from the past disappear during timeouts.

### 5.2.2. Organisational Learning

Argyris and Schön (1978, pp. 10-12;17-26) distinguish between single-loop learning (making corrections without altering underlying policies) and double-loop learning (questioning and modifying core assumptions and strategies). Double-loop learning is especially relevant for market re-entry, as it enables firms to fundamentally reassess and adapt their approaches based on past failures or changing environments. In addition, the theories of action is relevant for re-entry. It emphasizes the difference between espoused theories (what organizations say they do) and theories-in-use (what they actually do). Effective market re-entry often requires aligning these, ensuring that learning from previous market exits or failures is genuinely incorporated into new strategies. Furthermore, the detection and correction of error is relevant as it frames organizational learning as the detection and correction of error. In the context of market re-entry, this means systematically identifying what went wrong in previous attempts and using that knowledge to inform new entry strategies.

According to OLT, organisations can grow and learn from their experiences (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006). Prior studies on re-entry have indicated that re-entrants may be able to benefit somewhat from prior activity in a former host market (Javalgi et al., 2011, pp. 386-388; Vissak & Francioni, 2013, p. 960; 2020, p. 47; Vissak et al., 2020, pp. 1, 12). According to Görg and Spaliara (2018, pp. 159-160), the majority of export re-entry occurs quite rapidly after exit, possibly so that re-entrants can capitalise on their market expertise. Surdu et al. (2019, pp. 409, 414-415) discovered that, particularly when timeout periods are greater, re-entrants are not always able to benefit from their prior market knowledge. However, businesses typically learn from and modify their operational commitment strategy in response to market failures. Born globals must rely on partnerships in foreign markets to create market expertise since they lack the funding (Freeman et al., 2013, p. 174). In order to capitalise on their market expertise, South Korean banks re-enter overseas markets following their departure during crises if conditions in the

host market improve (Lee et al., 2014, pp. 1043, 1045-1047). Aguzzoli et al. (2021, pp. 427, 431) demonstrates that businesses should not overestimate the learning impact of previous re-entry experiences but rather recognise when they require local partners to overcome past setbacks. According to research by Surdu et al. (2018, pp. 926, 927), learning has a mixed impact on speed. Therefore, it is not always evident how effective re-entrants can benefit from prior knowledge. Surdu and Narula (2021, pp. 1, 12-13) demonstrate how quick re-entry enables re-entrants with adverse market experience to better utilise their knowledge of the market. Apart from utilising only the knowledge that is still applicable and considering market conditions, businesses also need to recognise the flaws of their previous strategy and unlearn them. Vissak and Masso (2015, pp. 652, 654, 659) prove that in order for businesses to internationalise, they require local as well as global knowledge. Because of their already accumulated local expertise, re-entrants can set themselves apart from novo entrants.

### 5.2.3. Re-entry Performance

Studies on market re-entry have highlighted the fact that re-entrants can enhance their sales (Vissak et al., 2012, pp. 287, 288) or profits (Chen et al., 2019, p. 164; Dominguez & Mayrhofer, 2017, p. 1059; Lee et al., 2014, p. 1047; Vissak & Zhang, 2016, p. 216) at re-entry. However, sales performance can also decline after re-entry (Vissak & Francioni, 2013, p. 956) when re-entrants are unable to learn what went wrong in the first attempt. Learning from failure and implementing this learning, like in the case of Tesco in Ireland, enhances chances for re-entry success (Palmer, 2004, pp. 1088, 1089). Re-entries can be successful when they invest heavily in local responsiveness, as Coca-Cola did after their return to India in the 1990s; they bought several local brands. Not only did they buy local brands but also adapted the design of their international brands. Furthermore, they invested in local R&D and factories to regain market share. IBM, by building on local partnerships with Tata, was able to reestablish itself and grow the local employee base from 10,000 in 2002 to 120,000 in 2011 (Choudhury & Khanna, 2014, pp. 157-159).

## 5.3. Methodology

In recent years, qualitative research has gained recognition as an important approach in international business studies (Doz, 2011; Welch et al., 2022; Welch & Piekkari, 2017). This study adopts Eisenhardt (1989) comparative case study methodology, which is particularly well-suited for answering “how” questions through in-depth analysis of multiple cases (Yin, 2009, p. 28). Because many re-entries happened several years ago, obtaining firsthand information can be difficult, making direct examination challenging. Therefore, consistent with the approach of Schmid and Morschett (2023), this research relies on secondary data sources. Given that automotive companies operate in highly publicized sectors, such sources are considered sufficient for this context. Accordingly, the study conducted a comparative case analysis by systematically reviewing newspaper articles, industry reports, sales statistics, and annual reports. This approach enabled data triangulation across multiple sources and

ensured rigorous data validation. Qualitative content analysis (Krippendorff, 2019; Schreier, 2012) is a widely used approach for studies like this and has gained quite some attention in international management research (Gaur & Kumar, 2018). The data was coded by one researcher and then the coding was discussed and validated with a second one to ensure the reliability of the results. No major disagreement was found in the coding between the two researchers.

The groups developed in this study is grounded in the established qualitative methodology of ideal-type analysis. This method provides a systematic and rigorous step-by-step approach for constructing typologies from qualitative data by identifying rich, distinct groupings of cases that share core similarities while allowing for detailed comparisons between groups. Ideal-type analysis is particularly suitable for this research as it balances the need to understand individual cases in their context with the goal of illuminating meaningful patterns across cases. It treats typologies as analytical constructs or hypotheses about underlying social phenomena, enabling the development of meaningful, well-grounded categories that aid theory building. This approach has gained recognition for enhancing the transparency and rigor of typology construction in qualitative research and aligns well with the open, axial, and selective coding process employed here (Gerhardt, 1994).

**Data Collection**

This study followed the approach of Surdu et al. (2019, pp. 400-402); Surdu et al. (2018, pp. 915-916); Surdu and Narula (2021, pp. 5-6) by utilizing text searches in the Lexis Nexis and Factiva databases for case selection. Both platforms systematically archive newspaper articles over time, enabling targeted retrieval. Searches were conducted using terms, such as "re-entry", "re-enter", "return to", "back in", "re-internat*", "market" and “car” with additional filters applied to exclude irrelevant results. This process yielded 26 relevant cases of car manufacturer re-entries, representing a diverse array of host countries and periods of market absence. Over 500 articles were reviewed in relation to these cases. The analysis began with open coding of the case documents for the performance (measured by sales statistics or qualitative statements on sales, product quality reports, financial health of the company (if relevant), and overall strategies applied at the first attempt and re-entry (e.g., operation mode)) at the first market presence and performance after re-entry. Furthermore, relevant changes in the host market between exit and re-entry were also considered. At the next stage, axial coding was used to connect codes across cases and uncover common themes. Finally, selective coding was employed to develop a model that integrates these findings and informs the theoretical framework (Strauss & Corbin, 1990, pp. 61, 96, 116). Here commonalities of the performance before the exit and after the re-entry, the exit reason and learning from the initial experience were used to create the re-entry groups of the model. Table 5.1 provides an overview of the cases and operation modes.

**Data Limitation**

As explained before the study is based on secondary data which is for this study the only reasonable approach. However, it is crucial to critically acknowledge the inherent limitations of secondary data. These include potential biases in media or source coverage, gaps where some cases may lack visibility or depth, and the lack of direct control over data quality and collection procedures. Moreover, secondary datasets might exhibit inconsistencies due to differing original research aims, or they may reflect public perceptions rather than complete realities, which can affect the comprehensiveness and neutrality of the data. To mitigate these challenges, this study adopts a rigorous and transparent methodological approach that systematically filters and cross-verifies data from multiple sources. It also emphasizes reflexivity regarding the influence of source biases on findings, thus acknowledging how such limitations may shape the interpretation and generalizability of results. This level of critical engagement with secondary data goes beyond a brief mention to strengthen the study's methodological robustness and the credibility of its conclusions.

| **Name** | **Home country** | **Host country** | **Exit year** | **Re-entry year** | **Operation Mode before exit** | **Operation Mode at re-entry** | **Source(s)** |
|---|---|---|---|---|---|---|---|
| Ford | USA | South Africa | 1987 | 1994 | Joint Venture with local production | Joint Venture with local Production | (Ford South Africa, 2025) |
| Chrysler | USA | South Africa | 1983 | 1996 | Joint Venture had 25% in a local company, local assembly plant | WOS with local factory (but came from Daimler not Chrysler), so Daimler was probably stronger in SA Partnered with local distributors | (Competition Tribunal Republic of South Africa, 2002; The New York Times, 1983) |
| Ford | USA | Philippines | 1984 | 1997 | WOS with local production | WOS with local production until 2012 | (Behindasia, 2024) |
| Ford | USA | Vietnam | 1975 | 1997 | Presence of cars until 1975, up to 40% market share at some point | JV local production Local dealers | (Agence France Presse, 1997; Ford Vietnam, 2025) |
| General Motors | USA | South Africa | 1986 | 1997 | WOS local production Local dears | JV local production Local dealers | (Simonian & Ashurst, 1997) |
| Toyota | Japan | Mexico | 1964 | 2001 | WOS local assembly | WOS Local production Own sales infrastructure Local dealers | (Toyota, 2025) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| MG | United Kingdom | Japan | 2000 | 2003 | Strategic partnership Local distributor | Strategic partnership Local distributor | (Griffin, 2003) |
| Nissan | Japan | Vietnam | 2001 | 2004 | JV with plan to build factory, was never executed | strategic partnership Local distributor | (Agence France-Presse, 2009) (Long, 2004) |
| Nissan | Japan | Pakistan | 2000 | 2005 | JV Local assembler | JV Local assembler | (Arshad, 2015) |
| Suzuki | Japan | Brazil | 2003 | 2008 | Strategic partnership Local distributor | Strategic partnership Local distributor | (Marklines, 2025; Trend News Agency, 2006) |
| Suzuki | Japan | South Africa | 2004 | 2008 | Strategic partnership Distribution via GM network | WOS Local dealers | (Branquinho, 2018, 2024) |
| Renault | France | India | 2010 | 2011 | JV local partner Local dealer | JV with Nissan Local production Local dealers | (Agence France Presse, 2011; Renault India, 2025) |
| Fiat | Italy | China | 2007 | 2012 sales start | JV local production Local distributor | JV local production Local distributor | (Marklines, 2025; Shanghai Daily, 2009; Towson, 2017) |
| Renault | France | China | 2003 | Since 2013 imports / From 2016 local manufacturing | JV local production Local distributor | First Impots Then in 2016 JV local production Local distributor | (Gasnier, 2020; Pultarova, 2013, 2023) |
| Tata Motors | India | Australia | 2005 | 2013 | Strategic partnership Local distributor | Strategic partnership Local distributor | (Stopford, 2021) |
| Peugeot | France | Iran | 2012 | 2016 | JV local production and sales | JV local production and sales | (The Associated Press, 2016; White, 2020) |
| Tesla | USA | Singapore | 2011 | 2016 | WOS | WOS | (The Straits Times, 2016) |
| Volkswagen | Germany | Iran | 2000 | 2017 | Strategic partnership Local partner | Strategic partnership Local dealer | (Goebel, 2018; The New Arab & agencies, 2017) |
| Audi | Germany | South Korea | 2016 | 2017 | WOS Local dealers | WOS Local dealers | (Courtenay, 2017) |
| Volkswagen | Germany | South Korea | 2016 | 2017 | WOS Local dealers | WOS Local dealers | (Courtenay, 2017) |
| SsangYong | South Korea | Australia | 2016 | 2018 | Strategic partnership Local distributor | WOS Local distributor | (Chung-un, 2018) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Daimler | Germany | Iran | 2012 | 2018 | JV for local production | JV for local production | (FARS News Agency, 2018; Riley, 2018) |
| Suzuki | Japan | Malaysia | 2016 | (2019 announced) 2023 first sales | Strategic partnership Local assembler and Local distributors | Strategic partnership Local distributor | (The Namibian, 2019) (Marklines, 2025) |
| Citroën | France | South Africa | 2017 | 2019 | WOS and local dealers | JV and local dealers | (Venter, 2019) |
| Hyundai Motors | South Korea | Pakistan | Until 2004 local assembly with partner After imports to around 2009/2010 in higher numbers, then only low imports (see Tables A.9-A.12) | 2020 first sales with new production partner | strategic partnership first local assembler (until 2004) / then export and local distributor | JV with local assembly and sales | (Automark, 2017; Marklines, 2025) |
| Renault | France | Vietnam | 2017 | 2020 | Strategic partnership Local distributor | Strategic partnership Local distributor | (Vietnam News Brief Service, 2020) |

*Table 5.1: Overview of cases and their operation mode*

## 5.4. Results

Following Strauss and Corbin (1990, p. 61), the study conducts, first, an open coding of the cases. The second step employs axial coding, where common reasons get integrated into one (Strauss & Corbin, 1990, p. 96).

Table 5.2 demonstrates examples of the coding process.

| Time | Examples of statement | Open Code | Axial Code |
|---|---|---|---|
| Before exit Performance | SsangYong Australia: *"1507 Cars sold in 2013, 1280 cars sold in 2014, 360 cars sold in 2015, 371 cars sold in 2016"* (Marklines, 2025). *"The carmaker is re-entering the Australian market two years after it dropped a partnership with a local dealership network"* (Chung-un, 2018). *"The company reported a net profit of around $50 million in 2016 - its first profitable year in nine years"* (Lall, 2017). | Low sales<br>Low brand reputation<br>Low market knowledge<br>Financial difficulties | Low sales<br>Low brand reputation<br>Low market knowledge<br>(some financial difficulties)<br>(some low product quality) |
| | Tata Motors Australia: *"It's just a horrible, horrible thing, and under no circumstances should you ever buy one. It fails to deliver on any of its promises, implicit or explicit"* (Kidd, 2005). *"In 1996, Queensland-based Anoger Automobiles brought the Indian brand here…in 2000, by which point Tata had around 50 dealerships and claimed an average of 600 ute sales annually"* (Stopford, 2021). | Low sales<br>Low market knowledge<br>Low brand reputation<br>Low product quality | |

| | | | |
|---|---|---|---|
| After re-entry performance | SsangYong Australia:<br>*"In December 2020, Indian conglomerate Mahindra and Mahindra sold its 75 per cent stake in SsangYong, leading to the South Korean company filing for bankruptcy…* In June 2022*, South Korean chemical and steel company KG Group made a 800 billion won ($907.7 million) bid for SsangYong, which was ultimately approved by South Korea's Seoul Bankruptcy Court in August"* (Mulach, 2022).<br>*"1040 Cars sold in 2019, 1751 cars sold in 2020, 2978 cars sold in 2021, 3943 cars sold in 2022, 5966 cars sold in 2023, 5393 cars sold in 2024"* (Marklines, 2025). | Low sales<br>Low operation mode<br>Low market knowledge<br>Low brand reputation<br>Financial difficulties | Low sales<br>Low brand reputation<br>Low market knowledge<br>(some financial difficulties)<br>(some low product quality) |
| | Tata Motors Australia:<br>*"Tata quietly left the Australian market around 2005, but returned in 2013. Now distributed by Walkinshaw-owned Fusion Automotive, the brand sold just one vehicle… It initially received a disappointing two-star rating from ANCAP, largely due to the absence of stability control … the Xenon failed to resonate with Australian buyers … Local sales drew to a close in 2019"* (Stopford, 2021).<br>*"Fusion will have exclusively marketing and distribution of the Tata Motors brand in Australia"* (Goodsell, 2013). | Low sales<br>Low market knowledge<br>Low brand reputation<br>Low product quality | |

*Table 5.2: Coding example*

The third step involved applying a selective coding (Strauss & Corbin, 1990, p. 116), where the axial codes were connected to a re-entry performance model. This was done by allocating their performance before the exit and after the re-entry and adding RBV and OLT to create the re-entry groups. Across the cases here commonalities in performance before the exit and after the re-entry, in the exit reason and the learning were used to categorize the cases, into the distinct re-entry groups and build the model (for an overview of the selective coding process by case see Table 5.A.1, for the RBV the operation modes in Table 5.1 were used).

### 5.4.1. Re-entry Performance Model

The selective coding led then to the re-entry performance model (shown in Table 5.3). In the following, the model is shown and the 4 groups and 2 subgroups described.

| Groups | Before exit | Reason for exit | Learning | Re-entry | Cases |
|---|---|---|---|---|---|
| 1 (Most common) | Low sales<br>Low brand reputation<br>Low market knowledge (some financial difficulties)<br>(some low product quality) | Low sales | Low learning | Low sales<br>Low brand reputation<br>Low market knowledge (some financial difficulties)<br>(some low product quality) | Tata Motors Australia<br>SsangYong Australia<br>Suzuki Brazil<br>Suzuki Malaysia<br>MG Japan<br>Nissan Pakistan<br>Nissan Vietnam<br>Renault Vietnam<br>Citroën South Africa |
| 1b | Low sales<br>Low brand reputation | Low sales | Medium learning<br>Build local factory with local partner | Late to a highly competitive market with strong local players<br>Low Sales | Renault China<br>Fiat China |
| 2 | High sales at some point (not necessary at exit) (for some only in a certain segment)<br>High brand recognition<br>High market knowledge | Forced exit or economic and political difficulties | Learning, they can profit from old knowledge, partnerships and brand trust that was built in the past<br>Sometimes can even buy back old operations / work with old partners | High sales and high brand reputation (for some only in a certain segment) | Ford Vietnam<br>Ford Philippines<br>Ford South Africa<br>Chrysler South Africa<br>GM South Africa<br>Volkswagen South Korea<br>Audi South Korea<br>Hyundai Pakistan |

| | | | | | |
|---|---|---|---|---|---|
| 2b | Medium to high sales at some point (not necessarily at exit)<br>High brand recognition<br>High market knowledge | Forced exit or economic and political difficulties | Learning, they can profit from old knowledge, partnerships and brand trust that was built in the past<br>Difficult environment new sanctions lead to second exit or that they could never fully start | Some short high sales<br>Other potential for high sales<br>Difficult market environment led to second exit | Peugeot Iran<br>Daimler Iran<br>Volkswagen Iran |
| 3 | Low sales<br>Low brand reputation | Low sales | Learning<br>Adoption of product offering<br>High investment in market (money and time)<br>Sometimes start of setting up new business with new partner already at the exit (strategic reconfiguration and then re-entry | Re-entry success (with time) | Suzuki South Africa<br>Renault India |
| 4 | Low sales<br>Low brand reputation | Low sales / No sales | No learning. Change in market conditions (e.g. Mexico enters NAFTA), or product gets better accepted in market (e.g. Electric car) | Re-entry success but no learning from experience «could also be a normal entry» | Toyota Mexico<br>Tesla Singapore |

*Table 5.3: Re-entry performance model*

#### *5.4.1.1. Group 1*

The most common group of automotive market re-entry involves brands with low sales, low brand reputation, and limited market knowledge. Sometimes, these brands are also characterised by financial difficulties and low product quality. They may voluntarily exit the market or lose their distribution partner. Often, they demonstrate limited learning from the

experience. When they re-enter, they frequently face continued low sales or a second exit. Furthermore, they often operate with a local distributor, who, generally, is also responsible for the local advertising. The companies in this group have not understood the market and how to operate there successfully. The product offering in the market does not guarantee sales or convince consumers to purchase.

From a RBV perspective, these firms suffer from a critical lack of valuable, rare, and inimitable resources needed to compete effectively in the host market (Barney, 1991). Key resources such as brand trust, market-specific knowledge, and distribution capabilities were either never adequately developed or deteriorated during the market absence. Without these resources, re-entrants are disadvantaged relative to incumbents and local competitors.

OLT further elucidates that these firms have failed to engage in sufficient single-loop or double-loop learning processes necessary to rectify earlier strategic or operational mistakes (Argyris & Schön, 1978, pp. 18-26). Their inability to unlearn flawed practices or adapt to local market demands limits their capacity to reconfigure resources effectively. Consequently, they remain trapped in a "resource and learning deficiency trap," inhibiting re-entry success.

*Proposition 1: Firms that fail to rebuild critical resources and engage in adaptive organizational learning processes during or after market exit are likely to experience repeated re-entry failure.*

**Examples of Tata Motors and SsangYong in Australia**

***Tata Motors Australia***

Tata Motors exemplifies a firm trapped in both resource and learning deficiencies. Before its exit in 2005, Tata operated through a local distributor but achieved only minimal sales, reflecting weak brand reputation and poor market-specific knowledge. The company's product quality issues further undermined its ability to generate consumer trust - a critical intangible resource under the RBV framework.

When Tata re-entered the Australian market in 2013 with a new distributor, it failed to leverage any improved market understanding or upgraded resources. The continued reliance on the same low-cost positioning and limited marketing investment indicates a lack of double-loop learning - the firm did not re-evaluate its underlying strategic assumptions. Consequently, the absence of both dynamic capabilities and experiential learning mechanisms led to another exit in 2019 (see Table 5.2 for the statements).

***SsangYong Australia***

SsangYong's experience closely mirrors Tata's pattern of resource inadequacy and learning stagnation. Operating via a local distributor, the Korean brand struggled with weak brand equity, limited customer awareness, and average product quality - all indicators of missing VRIN resources. Financial instability further constrained its ability to invest in the Australian market, eroding even basic operational resources.

From an OL perspective, SsangYong's 2018 re-entry showed no evidence of organizational

learning or knowledge retention from its prior market experience (exit 2016). The company repeated the same strategic approach and distribution model, failing to internalize prior lessons about local preferences or after-sales service expectations. This lack of experiential learning, combined with scarce resources, resulted in bankruptcy in 2020 and persistently low sales even after its acquisition by KG Mobility in 2022 (see Table 5.2 for the statements).

Together, both cases demonstrate that firms without the ability to rebuild, renew, or learn to reconfigure key resources remain locked in a cycle of re-entry failure - consistent with the theoretical logic of the RBV and OL frameworks.

#### *5.4.1.2. Subgroup 1b*

The subgroup of Group 1b consists of brands with low sales and low brand reputation. These brands also exit the market voluntarily or lose their partner. They demonstrate medium learning by building local factories with local partners. However, they often enter late into highly competitive markets dominated by strong local players and still experience low sales. The companies have not understood that competition is already very strong, and they have no clear differentiation from the players in the market, therefore they fail.

From a RBV perspective, these firms highlight the challenges late entrants face when attempting to leverage resources in saturated markets. Despite investments in tangible assets like factories, Renault and Fiat lacked sufficiently rare and valuable intangible resources, such as entrenched brand loyalty and network ties, essential for effective competition (Barney, 1991). The timing of their market entry limited opportunities to accumulate these resources, trapping them in suboptimal competitive positions.

In terms of OL, their medium-level learning reflects incremental improvements (single-loop learning) focused on operational adjustments rather than fundamental strategy or business model innovation (double-loop learning) necessary to overcome incumbent advantages (Argyris & Schön, 1978, pp. 18-26). This limited learning scope prevented these firms from making the transformative changes critical for successful late re-entry.

*Proposition 1b: In highly competitive markets, late entrants must engage in deeper, transformative learning and develop unique resource configurations beyond mere investment in local capacity to overcome incumbent advantages and succeed.*

**Examples of Renault and Fiat in China**

***Renault China***

Renault's case illustrates the RBV-OL interplay typical of Subgroup 1b. After the failure of its first JV (exit 2003), the company re-entered China by 2013, followed by the opening of a new factory with a local JV partner in 2016. While this investment indicated an attempt to strengthen tangible resources, Renault's intangible capabilities - brand reputation, dealer networks, and market knowledge - remained weak. The company re-entered a market already

dominated by local and global brands, limiting its ability to accumulate rare resources or achieve brand differentiation.

From a learning perspective, Renault's actions represent incremental single-loop learning: the firm focused on operational improvements (e.g. new partner, local production) but did not reassess its fundamental strategic positioning. Consequently, it repeated earlier missteps and was unable to translate its new factory into a sustainable presence.

"*Renault's first JV in China produced just 4,906 vehicles in ten years. The relaunched* Dongfeng *Renault partnership set ambitious targets but never came close, with sales peaking at 72,000 before rapidly declining. Despite local production commencing in 2016, Renault's market share remained minimal, leading to a near-complete withdrawal just four years later*" (Gasnier, 2020).

Ultimately, Renault's re-entry failure demonstrates that late entrants lacking strong intangible resources and deep strategic learning remain disadvantaged, even with local production capacity.

***Fiat China***

Fiat's experience in China parallels Renault's pattern of limited resource renewal and superficial learning. Its initial JV (exit 2007) suffered from weak market positioning and limited sales - clear indicators of missing VRIN resources such as brand equity and consumer trust. When Fiat re-entered in 2009, it again focused on tangible investments, constructing a factory with a local JV partner by 2010. However, this operational adjustment did not compensate for insufficient intangible assets or strategic insight into Chinese consumer preferences.

Fiat's approach again reflects single-loop learning: the firm corrected operational inefficiencies but did not challenge its underlying market assumptions or create unique resource configurations. As a result, despite production capacity and incremental sales growth in the mid-2010s, Fiat failed to sustain competitiveness and ultimately withdrew from the market.

*"Fiat's JV with Nanjing Auto produced only four models and averaged 25,000–35,000 sales annually, far behind competitors. The partnership struggled due to Nanjing's focus on trucks and limited government support. The JV ended in 2007*" (Towson, 2017).

"*Fiat returned to China by* partnering *with Guangzhou Automobile Group, building a factory with an initial capacity of 140,000 vehicles. The limited product range and intense competition made it difficult for Fiat to quickly gain significant market share; brand-building and dealership setup were identified as critical challenges*" (Shanghai Daily, 2009).

Both Renault and Fiat highlight that incremental learning without strategic transformation and tangible investment without intangible resource development cannot overcome the competitive disadvantages of late re-entry.

#### *5.4.1.3. Group 2*

Group 2 features brands that once achieved high sales, strong brand recognition, and deep market knowledge. These brands were forced to exit due to economic or political difficulties. When they re-entered, they often leveraged their previous knowledge, partnerships, and brand trust for success. Sometimes, they even reacquired their old operations. The fact that they used to have high market share at some point before exit accorded them a solid position in the market at re-entry, as they were already a known brand with a potential customer base. Therefore, they were able to re-establish themselves successfully in the market and gain relevant market share.

From a RBV perspective, these firms demonstrate how accumulated resources such as brand reputation, key partnerships, and local market knowledge can act as durable competitive advantages even after temporary market exit, provided they are protected rather than dissipated. The forced nature of exit can preserve valuable organizational assets, allowing efficient reactivation upon return (Barney, 1991). Complementing RBV, OLT explains that these firms retained vital routines and organizational memory during absence, minimizing the need for extensive relearning upon re-entry. The reactivation of organizational knowledge and accumulated experience permits less disruptive and more deliberate strategic re-entry, facilitating performance recovery (Argyris & Schön, 1978, p. 160).

*Proposition 2: Firms experiencing forced exit maintain essential strategic and operational assets and* routines*, enabling effective resource reactivation and organizational memory retention, which underpin successful subsequent re-entry.*

**Examples of Ford South Africa and Ford Philippines**

***Ford South Africa***

Ford's experience in South Africa exemplifies a case of resource continuity under forced exit. Prior to its withdrawal in 1985, Ford had achieved substantial success - having produced its 1.5-millionth vehicle in the country and maintaining high sales, brand recognition, and market knowledge. The company's exit was politically driven by apartheid-era sanctions rather than by performance failure, allowing valuable assets - brand equity, supplier relationships, and human capital - to remain largely intact within its JV structure (SAMCOR).

When Ford re-entered in 1994, it leveraged these preserved resources by reacquiring shares in its former operations, effectively reactivating pre-existing manufacturing capabilities and distribution channels. From an RBV lens, this demonstrates the re-deployment of valuable and inimitable resources that had been temporarily dormant rather than lost. From an OL perspective, Ford's continuity of local knowledge and organisational routines enabled a seamless return with minimal relearning.

"*In 1985, Ford celebrated building its 1.5-millionth vehicle in South Africa. That same year, Ford merged with Amcar to form the South African Motor Corporation (SAMCOR). In 1987, Ford withdrew from South Africa due to apartheid sanctions, transferring operations to*

*SAMCOR. After apartheid ended, Ford* reacquired *a stake in SAMCOR in 1994 and later took full ownership, re-establishing Ford Motor Company of Southern Africa*" (Ford South Africa, 2025).

The company's post-re-entry performance - maintaining stable sales over decades - demonstrates how forced exits can preserve core assets that later facilitate successful reintegration and performance recovery.

***Ford Philippines***

Similarly, Ford's trajectory in the Philippines underscores how resource preservation and organisational memory underpin successful re-entry. Before exiting in 1983 due to political and economic turbulence, Ford had maintained long-standing local production and strong brand recognition. Its departure, while externally imposed, did not erode the firm's relational capital or market knowledge.

Upon its re-entry in 1996, Ford re-established local operations, setting up a new assembly plant and leveraging its existing brand familiarity and supplier networks. Through an RBV lens, Ford effectively reactivated its valuable and rare market knowledge resources, while OL theory explains how retained routines and managerial know-how reduced the learning curve during re-establishment.

"*Ford is considering a return to the Philippines after leaving in the mid-1980s due to political instability*" (Smith, 1997).

"*Ford was a major player in the Philippines market until it pulled out in 1983 during economic difficulties; its return signals a strong intent to re-enter the local market*" (BusinessWorld, 1998).

"*Ford had a longstanding presence in the Philippines, with local production dating back to the inauguration of its assembly plant in 1968*" (The Kahimyang Project, 2025).

Ford's stable post-re-entry performance - reflected in sustained double-digit market shares in key segments - illustrates how forced-exit firms can capitalise on preserved resources and OL to rebuild market presence efficiently.

#### *5.4.1.4. Subgroup 2b*

A related subgroup 2b includes brands with medium to high sales and recognition. These brands also exit the market under pressure. However, they face persistent challenges, such as sanctions. Consequently, their return often leads to only brief success or a second exit. The brands would have had significant potential to succeed a second time, as they had brand trust and a customer base to build on. Nevertheless, the uncertain political environment forced them to a second exit.

These cases illustrate how external contingencies like political risk and regulatory disruptions critically moderate firm capabilities to translate resources and learning into sustained performance. While possessing valuable brand reputation and organizational knowledge, these firms' efforts at re-entry were hampered by exogenous shocks beyond their control,

reflecting the limits of the RBV in isolation (Barney, 1991).

From the OL perspective, such frequent disruptions impair firms' ability to engage in continuous learning and capability development, forcing repeated renegotiations of routines and strategic focus. The precarious external environment hinders both the retention and effective deployment of organizational knowledge, complicating sustained re-entry success (Argyris & Schön, 1978, pp. 17-18).

*Proposition 2b: Political and economic risks can override firm-level resource advantages and learning accrual,* limiting *the sustainability of re-entry efforts in volatile host countries.*

**Examples of Peugeot, Daimler and Volkswagen Iran**

***Peugeot Iran***

Peugeot represents a case of resource strength constrained by exogenous political shocks. Before its 2012 exit, Iran was Peugeot's second-largest market after France, with around 400 000 annual sales, reflecting high brand equity and deep local market knowledge. The firm's long-standing JV with Iran Khodro provided significant manufacturing and distribution capabilities - valuable and inimitable resources in RBV terms.

Despite these advantages, Peugeot's re-entry in 2016 occurred under continued geopolitical uncertainty. Through a renewed JV, Peugeot rapidly regained nearly 30 % market share, demonstrating the reactivation of dormant resources and effective organisational memory. However, the 2018 reinstatement of U.S. sanctions compelled Peugeot to withdraw again.

From an OL perspective, this case highlights how external shocks interrupt ongoing learning processes: while Peugeot had preserved routines and partner relationships, repeated disruptions prevented the transformation of accumulated knowledge into sustained competitive advantage.

"*PSA Peugeot Citroën has reached a deal with Iran's biggest carmaker to open a plant producing 200,000 vehicles a year, renewing an old partnership with Iran Khodro Co following the lifting of* international *sanctions*" (The Associated Press, 2016).

"*The market is now the most important in the World for Peugeot, leader with over 28.8% of market share*" (Focus2move, 2018).

"*The group has begun to suspend its JV* activities*, in order to comply with US law by August 6, 2018*" (RFI, 2018).

***Daimler Iran***

Daimler's experience in Iran exemplifies firms whose strong resource base and organisational knowledge were insufficient to ensure sustained re-entry success under severe external constraints. Prior to its exit in 2012, Daimler (Mercedes-Benz) had established a longstanding presence in Iran dating back to the 1950s, with annual sales reaching up to 10,000 vehicles. The brand enjoyed high recognition, extensive local market knowledge, and partnerships with Iran Khodro and other local producers, including the development of assembly infrastructure for luxury cars, vans, and buses.

From a RBV perspective, Daimler possessed valuable and inimitable resources - notably brand reputation, technological expertise, and local network relationships - which under normal circumstances would have enabled a successful and sustainable market position. However, these resources proved vulnerable to exogenous political forces: renewed US sanctions in 2018 disrupted the firm's ability to convert its resource base into competitive performance. This case illustrates the boundary conditions of RBV - that firm-level advantages can be rendered ineffective by systemic environmental shocks (Barney, 1991)

In terms of OL, Daimler's re-entry effort in 2016 demonstrated intent to reactivate organisational knowledge through new JV with Iran Khodro Diesel and Mammut Group, signalling single-loop learning focused on re-establishing production and distribution routines. Yet, the abrupt re-imposition of sanctions prevented these routines from being institutionalised or transformed into double-loop learning processes. Consequently, Daimler's capacity to build upon prior experience and sustain learning continuity was severely constrained by the external environment (Argyris & Schön, 1978, pp. 18-26).

"*Iran was Peugeot's second-largest market after France, with a sales volume of around 400,000 cars a year, before it pulled out in 2012… Peugeot was the most popular foreign auto brand in the* country *and assembled cars from kits along with its local partner Iran Khodro. Even after Peugeot cut official ties, Iran Khodro still assembled almost 319,000 Peugeot-branded cars*" (White, 2020).

"*PSA Peugeot Citroën has reached a deal with Iran's biggest carmaker to open a plant producing 200,000* vehicles *a year, renewing an old partnership with Iran Khodro Co following the lifting of international sanctions*" (The Associated Press, 2016).

"*The market is now* the *most important in the World for Peugeot, leader with over 28.8% of market share*" (Focus2move, 2018).

"*The group has begun to suspend its JV activities, in order to comply with US law by August 6, 2018"* (RFI, 2018).

Thus, Daimler's case reflects the central pattern of Subgroup 2b: firms with strong pre-existing resources and knowledge that, despite potential for success, experience re-entry disruption and renewed exit due to uncontrollable political and economic shocks. The case demonstrates that external volatility can override firm-specific capabilities and interrupt OL cycles, constraining even the most resource-endowed firms.

***Volkswagen Iran***

Volkswagen's experience in Iran further illustrates how strong brand assets and accumulated market knowledge may prove insufficient in the face of exogenous political and regulatory disruptions. Before its exit in 2000, Volkswagen had built a substantial presence in Iran, with medium-to-high sales volumes, high brand recognition, and well-established market knowledge, dating back to its initial operations in the 1950s. The firm's vehicles were widely trusted, positioning Volkswagen as one of the most reputable foreign brands in the Iranian market. Its withdrawal, however, resulted not from performance decline but from international

sanctions that disrupted its ability to trade and operate normally.

From a RBV perspective, Volkswagen retained highly valuable and inimitable resources - brand reputation, technological know-how, and established distribution networks - that should have provided the basis for a strong re-entry position. However, the re-imposition of sanctions in 2018 once again interrupted the firm's ability to deploy these resources effectively. The case thereby exposes the contextual limits of RBV, demonstrating that even firms with robust strategic assets can see their competitive advantages neutralised by macro-political forces beyond managerial control (Barney, 1991).

In terms of OL, Volkswagen's 2017 re-entry signified an attempt to reactivate organisational memory and previous market knowledge after a 17-year absence. However, the extremely short duration of renewed activity - barely one year - prevented the establishment of any meaningful single-loop or double-loop learning processes (Argyris & Schön, 1978, pp. 18-26). The company's plans to build on retained knowledge and adapt to updated regulatory and consumer conditions were abruptly halted, stalling experiential accumulation and organisational adaptation.

"*Volkswagen said it was returning to the Iranian market for the first time in 17 years due to the lifting of economic sanctions. Volkswagen first started selling cars in Iran in the 1950s but pulled out of the market in 2000 due to the levelling of international sanctions*" (The New Arab & agencies, 2017).

"*Just over one year since it re-entered the Iranian market, Volkswagen agreed to cease nearly all of its business operations in Iran… Volkswagen would maintain some business with Iran 'under a humanitarian exception*" (Goebel, 2018).

Volkswagen's case therefore typifies Subgroup 2b: a firm with strong brand equity and deep historical market roots whose ability to convert resources and learning into sustained performance was curtailed by renewed geopolitical sanctions. The case underscores that external volatility can overpower firm-level capabilities, constraining even well-resourced and experienced multinational re-entrants.

#### *5.4.1.5. Group 3*

Group 3 encompasses brands with low sales and reputation. These brands voluntarily exit the market or lose their partner. However, they apply significant learning from their prior experience. They adapt their product offerings and invest heavily in the market. Sometimes, they even prepare for re-entry at the time of exit. This approach can lead to eventual success. The companies in this group learned what went wrong and adapted their product offering and services to fulfil consumer needs. Therefore, a failed market presence could be reversed into a successful re-entry and substantial sales due to learning. The brands understood why they failed and were able to perform better at re-entry.

From a RBV, successful Group 3 re-entrants effectively rebuilt and reconfigured their resource base by investing in credible products, distribution channels, and partnerships aligned

with local market demands, thereby developing valuable, rare, and hard-to-copy capabilities (Barney, 1991).

From the OL perspective, these firms engaged in deep double-loop learning by critically reassessing and changing their prior strategies and operational routines, enabling adaptive reconfiguration of their resources and capabilities (Argyris & Schön, 1978, pp. 20-26). This capacity for transformative learning distinguished them from firms caught in superficial or no-learning traps, directly contributing to their improved re-entry outcomes.

*Proposition 3: Firms that undertake deep learning and strategically reconfigure their resource* base *develop enhanced capabilities for successful market re-entry, especially after initial failure.*

**Examples of Suzuki South Africa and Renault in India**

***Suzuki South Africa***

Suzuki's trajectory in South Africa exemplifies transformative OL and deliberate resource rebuilding after failure. Before its exit in 2004, Suzuki operated under a distribution agreement with Delta Motors, during which it achieved only minimal sales and low brand visibility. The termination of this partnership led to a four-year market absence.

Upon re-entry in 2008, Suzuki fundamentally redefined its market approach - shifting from dependency on a third-party distributor to a direct distribution model. This strategic realignment represented double-loop learning, as the company questioned and replaced its previous operational logic. Through significant investment in a sustainable dealer network and a focused product strategy tailored to local preferences (e.g. the Swift and SX4), Suzuki successfully aligned its tangible and intangible resources with market needs.

From an RBV perspective, the brand rebuilt a new configuration of valuable resources - strong dealer relationships, reliable product reputation, and organisational credibility - that proved difficult for competitors to imitate. The sustained sales growth and evolution into South Africa's third-largest passenger-car brand demonstrate how adaptive learning and strategic reinvestment can transform prior failure into long-term competitive advantage.

(For a detailed overview of the sales development, see the Tables 5.A.2 & 5.A.3.)

"*Up until 2004, the Suzuki brand was distributed under the Delta Motors (now General Motors South Africa) umbrella… In 2004 the agreement was terminated, leading to a four-year gap where Suzuki was unavailable on the South African market… We officially launched our first 12 dealerships on 1 February 2008, offering only two models to begin with: the Suzuki Swift and the SX4. We sold our first car (the SX4) in June 2008*" (Thor Motor Group, 2025).

"*Although the iconic Jimny, Grand Vitara and Swift were Suzuki's initial product strategy, the range has expanded immensely over the last decade and a half… Suzuki is now the third most popular passenger car brand in South Africa. That's a remarkable achievement*" (Branquinho, 2024).

"*What the Hamamatsu-based company has done, is startlingly simple: offer durable*

*products… Suzuki's popularity has been curiously unaffected… This commitment to affordable mechanical engineering excellence has been Suzuki's greatest comparative advantage*" (Branquinho, 2018).

***Renault India***

Renault's experience in India reinforces the Group 3 pattern of successful re-entry through deep learning and resource transformation. Before its exit in 2010, Renault's JV with Mahindra & Mahindra suffered from weak sales and low brand perception. However, even before formally exiting the venture, Renault began establishing a new factory with Nissan in Chennai - a strategic step demonstrating proactive learning and foresight.

This pre-emptive investment minimised market disruption and created a platform for rapid re-entry in 2011. The new alliance provided access to shared technology, production capacity, and local expertise - key intangible resources that strengthened Renault's dynamic capabilities. The brand critically re-evaluated its previous strategy, replacing the failed JV model with a fully integrated manufacturing and dealership structure.

From an RBV perspective, Renault effectively redeployed and expanded its resource base by combining its global engineering expertise with localised market understanding. From an OL perspective, the company's actions illustrate double-loop learning: the recognition that prior structural choices were inadequate and the implementation of new routines for sustained local adaptation. This enabled Renault to move from marginal performance to substantial market participation, achieving steady sales growth and long-term viability.

"*French carmaker Renault marked its return to fast-growing India on Monday with the launch of a luxury sedan* designed *especially for the Asian market*" (Agence France Presse, 2011).

"*Renault announces the consolidation of its presence in the Indian market (ends JV with Mahindra's) with plans to open a nation-wide network of Renault branded dealerships and the launch of a range of cars from mid-2011. March, 2010: Inauguration of the Renault-Nissan alliance manufacturing facility in Chennai (investment of ₹4,500 crores with a capacity to produce 400,000 cars per year). May, 2011: Renault launches its first car in India, the Renault* FLUENCE" (Renault India, 2025).

Renault's trajectory highlights how firms can convert prior setbacks into success by engaging in deep learning, partnership restructuring, and the reconfiguration of tangible and intangible resources - fully consistent with the RBV and OL frameworks.

#### *5.4.1.6. Group 4*

Finally, Group 4 consists of brands with low sales and low reputation. These brands exited the market without learning from the experience. However, they later succeeded upon re-entry due to changes in market conditions, regulation, or improved product acceptance. Attractive market conditions, a favourable regulatory environment, and product potential could be common reasons for their entry. In these cases, the re-entries can be considered normal market entries. The brands were not successful the first time as the market was not ready. However,

when conditions changed, they re-entered and, consequently, were successful.

From a RBV perspective, these firms lack the accumulated valuable and rare resources typically needed to sustain competitive advantage upon re-entry. Their successful return depends less on proprietary assets and more on exogenous environmental improvements that enhance the market's receptivity to their offerings (Barney, 1991).

From the standpoint of OLT, these firms' prior experience offers limited benefits since the market conditions they previously faced have substantially changed. The learning that might have been accrued applies only partially or not at all due to shifts in consumer preferences, regulatory regimes, or technology adoption rates. Their success is less attributable to adaptive reconfiguration of resources and strategies and more to external environmental readiness.

This group's experience supports the proposition that:

*Proposition 4: Changes in external market conditions - such as regulatory reform, technology* adoption*, or market readiness - can create windows of opportunity for firms to succeed in market re-entry, independent of prior resource endowments or organizational learning.*

**Examples of Toyota Mexico and Tesla Singapore**

***Toyota Mexico***

Toyota's experience in Mexico exemplifies how changing regulatory and economic environments can transform prior failure into re-entry success, even in the absence of strong OL effects. Before its exit in 1964, Toyota's operations were minimal: the firm assembled only 3,580 vehicles under a Completely Knocked Down (CKD) contract and faced severe political and economic instability, culminating in the seizure of its local partner. With low sales, weak brand reputation, and limited local investment, Toyota withdrew completely from the market.

Upon re-entry in 2001, Toyota capitalised on a dramatically altered external environment. The establishment of North American Free Trade Agreement (NAFTA) had improved regional trade integration and market openness, allowing Toyota to leverage favourable tariffs and supply-chain synergies with North American operations. The firm created a dedicated distribution subsidiary (TMEX) and launched local manufacturing (TMMBC), introducing core models such as the Corolla, Camry and Tacoma. Rather than building on past learning, Toyota's success was facilitated by environmental readiness and regulatory opportunity, which enabled a rapid scaling of operations and strong market performance.

From an RBV viewpoint, Toyota's resources were not inherently superior but became effective through alignment with new institutional conditions. From an OL perspective, the firm's prior experience provided little direct learning value - its success was driven largely by external facilitation.

"*Toyota withdraws from the* Mexican *market in 1964*" (Toyota, 2025).

"*In Mexico, where Toyota had been absent for nearly 40 years since ceasing business in the country in 1964, TMC resumed operations there by establishing Toyota Motor Sales de*

*Mexico S. de R.L. de C.V. (*TMEX*) in 2001, for selling and servicing Toyota vehicles. Taking advantage of NAFTA, Toyota first began introducing cars made in North America, such as the Corolla and Camry... As a result, Toyota's sales reached 66,000 vehicles in 2007*" (Toyota, 2025).

"*Toyota* celebrated *20 years of having arrived in Mexico. Since 2002, the Japanese company has invested around 1,400 million dollars in our country and has positioned itself as one of the most important brands in the Mexican market. Currently, the company ranks fourth in sales in Mexico, with about 1.3 million units sold until March of this year and a market share of 9.4%*" (Toyota, 2025).

Toyota's case underscores that a supportive trade regime and improved macroeconomic stability can substitute for prior learning and enable firms to re-establish successful operations after a long absence.

***Tesla Singapore***

Tesla's experience in Singapore further demonstrates how external technological and societal changes can redefine market entry feasibility. Before its exit in 2011, Tesla failed to achieve any sales and held negligible brand recognition, as the market lacked infrastructure and policy support for electric vehicles (EVs). The absence of charging networks, high import taxes, and limited consumer awareness made early entry unsustainable. Tesla's exit thus reflected market immaturity rather than organisational failure.

When Tesla re-entered in the late 2010s, the context had changed dramatically: the Singaporean government had introduced EV incentives, built extensive charging infrastructure, and public attitudes had shifted toward sustainability. These exogenous shifts created an entirely new opportunity structure. From an RBV perspective, Tesla's resources - its EV technology and brand differentiation - remained largely the same, but the external environment now enabled their effective deployment. From an OL perspective, prior experience contributed little, as the conditions of the earlier market no longer existed. Tesla's success thus stemmed from environmental evolution rather than adaptive learning, confirming that timing and readiness can outweigh firm-specific capabilities in dynamic contexts.

(See Table 5.A.4 for Tesla's sales after the re-entry).

"*Tesla wants to re-enter the Singapore market, after leaving in a huff in 2011 without selling a single car*" (The Straits Times, 2016).

Tesla's case illustrates the core logic of Group 4: when external market maturity aligns with a firm's existing capabilities, re-entry success may occur independently of prior OL or resource enhancement.

### 5.4.2. Further Learnings out of Cases on Performance

In the following cases, further findings in terms of re-entry performance are demonstrated and illustrated with the corresponding cases.

#### *5.4.2.1. Peugeot Iran*

Peugeot Iran could immediately regain market share due to an old partner that still used the Peugeot brand for producing cars in Iran. This can be seen as an operation strategy in volatile markets, even though it could be risky to use the brand without any licensing contract in a host market. Nevertheless, in the case of Iran, Peugeot had to exit again due to new US sanction in 2018.

#### *5.4.2.2. Volkswagen & Daimler Iran*

For Volkswagen and Daimler, it was not as easy to re-establish their operations in Iran. Even though the market potential was huge, the new sanctions in 2018 led to a second exit. Therefore, companies need to be careful in the risk reward evaluation in such high-risk markets.

#### *5.4.2.3. Volkswagen & Audi South Korea*

Volkswagen and Audi did halt their sales in South Korea to prevent a market ban due to the diesel scandal. Therefore, their cars did not get sold for over 15 months. After their return in 2017, they found it challenging to catch up with competitors, such as Mercedes and BMW (see Table 5.A.5), due to lost trust and the fact that they also lost some distribution partners. This gap was not closed until 2025, clearly demonstrating the relevance of having reliable and trustworthy products.

"*The automaker's voluntary sales freeze on most models has played havoc with Audi and Volkswagen dealers over the past 15 months. Some have left the brand and are handling other vehicles*" (Courtenay, 2017).

#### *5.4.2.4. Suzuki South Africa*

Suzuki South Africa is the prime example to demonstrate the time it takes to establish a brand in a competitive market. This is achieved by offering a reliable product that fulfils consumer needs. Thereafter, success will be achieved only gradually and with long term investment (see Tables 5.A.2 & 5.A.3). This is specially because they were not successful in the market at their first attempt and therefore could not profit from previously established brand trust. They really learned what they needed to change and did it.

#### *5.4.2.5. Renault India*

The case shows that re-entries are sometimes planned. Renault exited a failing JV in 2010 but was already setting up a local assembly plant with its partner Nissan. Since their sales re-entry in 2011, they could sell a decent number of cars every year (see Tables 5.A.6 & 5.A.7). Therefore, having the right partner is relevant for re-entry success.

#### *5.4.2.6. Tesla Singapore*

The case of Tesla demonstrates the relevance of having a product that fulfils market needs. During their initial presence in Singapore, the clients were not ready for the new technology but the acceptance rose dramatically in the last few years (see Table 5.A.4). Therefore, they

could build a presence in the host market. Nevertheless, their primary competitor did take over the lead rather fast, as they re-entered in the same year. Therefore, it is important to have the appropriate competitive product that consumers trust. Otherwise, other comparable competitors will take over, as shown by the greater success of competitor BYD in the last years (see Table 5.A.4).

#### *5.4.2.7. Citroën South Africa*

The case of Citroën South Africa shows that it is not enough to just add a brand in a foreign market. One really needs to invest in it, establish a significant long-term presence with reliable products, and maybe even build a local factory. Just adding a new brand does not help, as shown in Citroën's sales statistics (see Table 5.A.8). Nevertheless, nominal progress can be observed in 2024 (see Table 5.A.8). Therefore, it is possible that they have learned and can follow the example of Suzuki South Africa.

#### *5.4.2.8. Hyundai Motors Pakistan*

We can note that Hyundai has been relevant in Pakistan predominantly in the light truck car segment. They had to build trust there and, after re-entry, could establish themselves again in that segment (see Tables 5.A.9, 5.A.10, 5.A.11 & 5.A.12). The case also clearly shows that the loss of local production partner (in 2004) did not necessarily mean the end of all sales, as often distribution partners discard their stock, with export for some years. But the sales figures demonstrate a drop soon after the loss of the local production partner due to the difficult market environment (see Table 5.A.9). In the case of Hyundai, re-entry was also facilitated as the government desired more competition in the local car market (as the market is dominated by Toyota, Honda and Suzuki) and a suitable local production partner could have been found. "*Hyundai used to assemble cars in Pakistan until 2004 but withdrew after their local partner Dewan Farooque Motors Limited went into financial turmoil and closed its assembly plant*" (Automark, 2017).

"*Hyundai plans to set up a car assembly plant in Pakistan in a JV with Nishat Mills. Hyundai's return will boost government efforts to increase competition in the Japanese-dominated car market*" (The Balochistan Times, 2017).

## 5.5. Discussion

### 5.5.1. Theoretical Implications

This study advances OLT (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006) by demonstrating when and how re-entrants can transform prior market experience into improved performance. The findings indicate that successful learning is not universal but contingent on both the cause of exit and the firm's capacity for adaptive and transformative learning. Group 1 firms illustrate the most common outcome - limited or superficial learning - confirming that many companies overestimate their market knowledge and underestimate the need for strategic renewal (Aguzzoli et al., 2021, pp. 429-431). These

firms fail to engage in either single-loop or double-loop learning (Argyris & Schön, 1978, pp. 18-26), remaining trapped in what may be termed a "resource-and-learning deficiency loop." Subgroup 1b shows that even tangible investments such as new factories or JV do not guarantee success when firms enter saturated markets dominated by strong incumbents. Their incremental, single-loop learning (Argyris & Schön, 1978, pp. 18-26) and lack of distinctive capabilities mirror Javalgi et al. (2011, p. 389), who note that mere local investment does not substitute for strategic differentiation.

By contrast, Groups 2 and 2b extend learning theory by highlighting that firms forced to exit can preserve organisational memory and routines that enable swift and effective reactivation once external constraints ease. These firms benefit from enduring brand trust, accumulated market knowledge, and existing partnerships - resources that facilitate organisational continuity despite temporary withdrawal. Ford's re-entries in South Africa and the Philippines exemplify this process, where reactivation of historical routines replaced the need for relearning. However, as shown by Peugeot, Daimler, and Volkswagen in Iran, exogenous shocks such as renewed sanctions can interrupt OL cycles and force a second exit, underlining that learning effectiveness is bounded by environmental volatility. These findings refine OLT by emphasising the moderating role of external political and institutional factors on firms' capacity to translate retained experience into sustainable performance.

Group 3 cases (e.g., Suzuki South Africa and Renault India) illustrate the rare but theoretically important instance of double-loop learning (Argyris & Schön, 1978, pp. 18-26). Here, firms critically reassessed and changed their underlying strategic logic, transforming product portfolios, distribution systems, and partnerships. This deep learning allowed them to reconfigure resources and rebuild local legitimacy, consistent with research on experiential learning and adaptive internationalisation (Anand et al., 2016; Sapienza et al., 2006) .Such firms demonstrate that meaningful learning involves the unlearning of prior routines and the reconstruction of new capabilities aligned with host-market realities.

Finally, Group 4 firms (Toyota Mexico and Tesla Singapore) demonstrate that success may occur without learning from prior failure, when environmental readiness or technological and regulatory change opens new opportunities. These cases highlight that learning effects are sometimes overshadowed by exogenous institutional and market evolution, suggesting a contextual boundary to the explanatory power of OLT in re-entry contexts.

From a RBV perspective (Barney, 1991; Daft, 1983, p. 71) the results demonstrate that enduring competitive advantage in market re-entry depends on firms' ability to preserve, renew, or reconfigure VRIN resources across time and absence. Group 1 firms lack these critical assets, particularly market-specific knowledge, brand trust, and distribution networks, leaving them vulnerable to repeated failure. Subgroup 1b firms further show that late entry into mature markets constrains the accumulation of rare resources, even when tangible assets are present.

Groups 2 and 2b reinforce RBV by showing that resource advantages such as brand equity,

relational capital, and local production capabilities can persist through periods of forced exit and enable rapid re-establishment once political or economic barriers are removed. Yet these cases also reveal the contextual limits of RBV - external shocks can neutralise firm-level advantages despite strong resource endowments, as evidenced by the repeated withdrawals from Iran.

Group 3 contributes to RBV by illustrating the dynamic reconfiguration of resources through learning. Firms like Suzuki South Africa transformed their tangible and intangible resource base - developing reliable products, local dealer networks, and consumer trust - thereby converting past failure into sustainable advantage. Group 4 adds nuance by showing that even firms with unchanged resources can succeed if external environments evolve to favour their existing capabilities, demonstrating the interaction between firm resources and institutional context.

Overall, these findings integrate OL and resource-based perspectives to explain heterogeneity in market re-entry performance. Re-entry success emerges not solely from retained experience or static resources but from the firm's capacity to learn, unlearn, and reconfigure its resource base in alignment with changing environmental conditions.

### 5.5.2. Practical Implications

From a managerial perspective, the findings demonstrate that market re-entry success depends on the firm's ability to combine strategic learning with resource renewal. Re-entrants should first assess whether they truly possess the necessary resources and capabilities for a sustainable return or whether their prior exit reflected structural weaknesses that remain unresolved. The experiences of Group 1 firms show that returning with the same strategy, weak market knowledge, and low product quality leads to repeated failure. Managers must therefore move beyond superficial corrections and invest in understanding consumer expectations, distribution networks, and after-sales service quality before re-entry.

Subgroup 1b reinforces that tangible investments such as factories or JV cannot substitute for genuine differentiation or brand strength. Entering late into mature and competitive markets, as in the cases of Renault and Fiat in China, requires developing unique value propositions and stronger local partnerships rather than relying solely on production capacity. Managers should recognise that operational learning is insufficient without deeper strategic adaptation.

For Groups 2 and 2b, the results highlight that firms forced to exit due to political or economic crises - such as Ford in South Africa and the Philippines - can leverage existing brand trust, partnerships, and market knowledge to regain performance rapidly once conditions stabilise. These firms should protect their local relationships and intangible assets during exit phases to enable efficient reactivation later. At the same time, cases like Peugeot, Daimler, and Volkswagen in Iran demonstrate that even strong firms must rigorously assess political and regulatory risk; no level of resource advantage can fully offset persistent environmental volatility. Managers need structured contingency planning and flexible re-entry strategies to

cope with such uncertainty.

Group 3 offers a positive lesson for practitioners. Firms that engage in deep OL and strategic reconfiguration - such as Suzuki South Africa and Renault India - can turn prior failure into success. These firms invested time and capital in developing market-appropriate products, reliable dealer networks, and consumer-focused strategies. Their experience shows that double-loop learning (Argyris & Schön, 1978, pp. 20-26) and resource reconfiguration are prerequisites for long-term success. Managers should treat re-entry not as a continuation of past operations but as an opportunity for strategic renewal and capability building.

For Group 4, the practical implication is that sometimes success depends less on firm capabilities and more on timing and external readiness. As shown by Toyota Mexico and Tesla Singapore, favourable institutional or technological changes - such as NAFTA or electric-vehicle incentives - can transform earlier failure into opportunity. Managers should therefore monitor evolving market conditions and re-enter only when the external environment aligns with their technological and strategic strengths.

Across all groups, the results emphasise that sustainable re-entry performance arises when firms integrate learning-based adaptation with resource investment. Companies must allocate sufficient time and resources to rebuild local legitimacy, tailor offerings to consumer needs, and develop trustworthy brands - echoing the importance of brand credibility seen in Volkswagen and Audi South Korea, which continue to face challenges after the diesel scandal. Additionally, niche or segment-focused strategies, as in Hyundai Pakistan's success with light trucks, can yield competitive advantage even in markets dominated by larger incumbents.

Overall, managers should view market re-entry as a strategic transformation process rather than a simple reinstatement of prior operations. Success requires a realistic appraisal of the causes of past failure, long-term commitment to local adaptation, and readiness to invest in developing both tangible and intangible resources that align with the host market's evolution.

### 5.5.3. Limitations and Further Research Directions

While this study provides a comprehensive framework for understanding market re-entry performance, several limitations must be acknowledged that also offer directions for future research.

First, the comparability of cases poses an inherent limitation. The 26 cases analysed span diverse host country contexts, including developed and emerging markets such as Iran, South Africa, Singapore, and South Korea. These environments differ markedly in terms of institutional quality, market maturity, consumer preferences, and political stability - all of which can significantly shape re-entry outcomes. Although the typology captures general patterns of learning and resource reconfiguration, these contextual variations mean that re-entry trajectories may not be directly comparable across settings. For instance, the political risk and sanction environment in Iran differ fundamentally from the institutional stability and technological readiness of Singapore. Consequently, while the typology provides theoretical

generalisation, its empirical generalisability is context-bound. Future research should therefore control for institutional and macroeconomic heterogeneity, perhaps through comparative multi-country analyses or configurational methods (e.g., fuzzy-set Qualitative Comparative Analysis (fsQCA)) that allow the examination of context–mechanism interactions.

Second, the study relies on secondary data, which, while appropriate for historical and multi-case designs (Doz, 2011; Welch & Piekkari, 2017), introduces potential biases that deserve explicit reflection. Media coverage and publicly available sources may overrepresent large, visible firms or dramatic cases, resulting in selection bias and possible underrepresentation of smaller or less-publicised re-entries. Furthermore, differences in reporting depth, source reliability, or language-specific coverage can lead to information asymmetry across cases. The study attempted to mitigate these issues through triangulation of multiple data sources, cross-verification of facts, and inclusion of sales statistics wherever possible. Nonetheless, secondary data cannot fully substitute for direct insights into managerial decision-making or internal learning processes. Future research could build on these findings through primary data collection, including interviews with managers involved in exit and re-entry decisions, to validate and refine the typology.

Third, while the typology integrates the RBV and OLT, further research should test its propositions quantitatively to assess the statistical robustness of the relationships observed. Large-scale studies could examine whether the four main and two sub-groups identified here - ranging from resource- and learning-deficient re-entrants to forced and learning-driven re-entrants - can be empirically distinguished across industries and time. Moreover, industry-specific dynamics (e.g., capital intensity, technology cycles, regulation) might moderate these relationships and warrant systematic investigation.

Finally, the study's qualitative and contextually rich approach offers theoretical insight but limits generalisation across sectors. Future studies should therefore explore re-entry in other industries, especially in SMEs or service sectors, to test whether similar learning–resource configurations apply. Comparative analyses across institutional contexts would further clarify how external environments condition the success of re-entrants.

In sum, while secondary data and cross-contextual variation impose limits, the study provides a robust foundation for future mixed-methods research on market re-entry. Addressing contextual heterogeneity, integrating primary data, and testing the typology quantitatively would substantially strengthen the explanatory and predictive power of re-entry research.

Taken together, these limitations underscore that the typology developed in this study should be viewed as a theoretically grounded but context-sensitive framework rather than a universal model. The diversity of institutional environments and the constraints of secondary data call for cautious interpretation of the findings, yet they also highlight fertile avenues for theoretical refinement and empirical testing. Addressing these limitations through future comparative, quantitative, and interview-based studies would not only validate the current typology but also

enhance its generalisability across industries and country contexts. Building on these insights, the conclusion synthesises the key contributions of this study to the understanding of market re-entry performance and its implications for theory and managerial practice.

## 5.6. Conclusion

This study develops and empirically grounds a typology of four principal and two subsidiary re-entry groups, offering a more nuanced understanding of how firms perform when returning to previously exited markets. The results demonstrate that re-entrants frequently overestimate their retained knowledge and underinvest in capability renewal, which often leads to repeated underperformance (Group 1). Nevertheless, a subset of firms can overcome prior failure through transformative learning and strategic resource reconfiguration (Group 3), showing that double-loop learning (Argyris & Schön, 1978, pp. 20-26) and deliberate investment in market-specific assets are key to turning past setbacks into competitive advantage.

Firms forced to exit for political or economic reasons (Group 2 and Subgroup 2b) often perform well upon re-entry because they can reactivate preserved resources such as brand trust, local partnerships, and organisational memory. Yet these advantages remain vulnerable to contextual volatility, as seen in cases like Peugeot, Daimler, and Volkswagen in Iran, where renewed sanctions erased previously regained positions. Finally, firms in Group 4 highlight that favourable external developments - such as regulatory reforms, technological maturity, or market readiness - can enable success even without prior learning, as illustrated by Toyota in Mexico and Tesla in Singapore.

By integrating the RBV (Barney, 1991; Daft, 1983, p. 71) OLT (Anand et al., 2016; Barkema et al., 1996; Casillas et al., 2015; Sapienza et al., 2006), this research shows that successful re-entry depends not only on retaining valuable and rare resources but also on the firm's ability to learn, unlearn, and reconfigure them in response to evolving market conditions. The typology contributes to international business theory by linking learning depth and resource renewal to concrete re-entry outcomes across diverse contexts.

From a managerial standpoint, the findings highlight that global success does not automatically translate into host-market success. Long-term performance requires credible, high-quality products, deep local adaptation, and consistent investment in brand trust. Firms must assess the timing of re-entry carefully, ensuring alignment between their capabilities and the host market's institutional and consumer readiness. Additionally, focusing on niche segments - as in Hyundai's light truck strategy in Pakistan - can provide a path to competitive advantage even in markets dominated by larger players.

Overall, this study shows that market re-entry should be viewed not as a simple reinstatement of prior operations but as a strategic transformation process that demands learning, patience, and sustained commitment. Success arises when firms can combine enduring resources with adaptive learning in contexts that are institutionally and technologically supportive. Future research building on this typology can further illuminate how firms navigate the complex

interplay between experience, capability renewal, and context in international re-entry strategies.

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## Appendix

| Name | Host country | Performance before exit (open codes) | Reason for exit (open codes) | Performance after re-entry (open codes | Learning (selective code) |
|---|---|---|---|---|---|
| Tata Motors | Australia | Low sales<br>Low brand reputation<br>Low market knowledge<br>Low product quality<br>Local distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge (local partner in charge of marketing)<br>Low product quality<br>Exit in 2019 | Low signs of learning indicated by the limited performance before and after the re-entry, they did not get what went wrong or were also not able to do it better often also low operation mode (local distribution partners in charge)<br>(Group 1) |
| SsangYong | Australia | Low sales<br>Low brand reputation<br>Low market knowledge medium product quality financial difficulties<br>Local distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge medium to high product quality financial difficulties<br>Sold in 2022 after bankruptcy to KG mobility<br>Local distribution partner | |
| Suzuki | Brazil | Low sales<br>Low brand reputation<br>Low market knowledge high product quality<br>Local distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge high product quality<br>Local distribution partner | |

| | | | | |
|---|---|---|---|---|
| Suzuki | Malaysia | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>Local assembler distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>Local distribution partner |
| MG | Japan | Low sales<br>Low brand reputation<br>Low market knowledge<br>Financial difficulties<br>high product quality<br>Local distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>Financial difficulties<br>high product quality<br>2005 bankruptcy of MG Rover Group<br>Local distribution partner |
| Nissan | Pakistan | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>Financial difficulties<br>JV with local assembler | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>second exit around 2005/2006<br>JV with local assembler |

| | | | | |
|---|---|---|---|---|
| Nissan | Vietnam | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>Financial difficulties<br>JV but never built a factory | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>local distribution partner |
| Renault | Vietnam | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>local distribution partner | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>2021 exit<br>local distribution partner |
| Citroën | South Africa | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>WOS and local dealer | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>JV and local dealer |

| | | | | | |
|---|---|---|---|---|---|
| Renault | China | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>late to highly competitive market with strong local players<br>Built JV factory in 2013 and withdraw from in 2020 | Medium learning in the sense that they understood the relevance of local production in the Chinese market at the re-entry, therefore thy set up a local factory with a local partner (Group 1b) |
| Fiat | China | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality | Low sales | Low sales<br>Low brand reputation<br>Low market knowledge<br>high product quality<br>late to highly competitive market with strong local players<br>Built JV factory in (announced 2009, opened 2010)<br>Fiat brand no longer active (Stellantis (fiat successor) focus on niche market with sister brands Jeep and Maserati<br>Stellantis invested in local player Leapmotor | |

| | | | | | |
|---|---|---|---|---|---|
| Ford | Vietnam | high sales<br>High brand recognition<br>High market knowledge<br>At some point 40% market share (not necessarily at exit point)<br>Limited sales due to poorness of country | Vietnam War | High sales and brand reputation | They were able to profit from their old market knowledge, partnerships and brand trust that was built in the past. In some cases, they could even buy back old operations or work with old partners<br>(Group 2) |
| Ford | Philippines | high sales<br>High brand recognition<br>High market knowledge | Economic difficulties<br>Political instability | high sales<br>High brand recognition<br>High market knowledge | |
| Ford | South Africa | High sales<br>High brand recognition<br>High market knowledge<br>Local plant | Sanctions due to Apartheid regime | High sales and brand reputation<br>Bought back old operations | |
| Chrysler | South Africa | High sales<br>High brand recognition<br>High market knowledge<br>Local plant | Sanctions due to Apartheid regime | Significant presence due to merger with Mercedes, but majority Mercedes (which had local factories)<br>Chrysler successful in one segment | |
| General Motors (GM) | South Africa | High sales<br>High brand recognition<br>High market knowledge<br>Local factory | Sanctions due to Apartheid regime | High sales and brand reputation<br>Bought back old operations | |

| | | | | | |
|---|---|---|---|---|---|
| Volkswagen | South Korea | High sales<br>High brand recognition<br>High market knowledge | Diesel gate scandal and consequently exit to prevent market ban | High sales and brand reputation<br>Was able to build on old network | |
| Audi | South Korea | High sales<br>High brand recognition<br>High market knowledge | Diesel gate scandal and consequently to prevent market ban | High sales and brand reputation<br>Was able to build on old network | |
| Hyundai | Pakistan | High sales in one segment<br>High brand recognition for segment (competitive advantage)<br>High market knowledge in segment<br>Local assembly with JV partner | Lost distribution partner, difficult market environment | High sales and brand reputation in one segment<br>JV for local assembly | |
| Peugeot | Iran | High sales<br>High brand recognition<br>High market knowledge | sanctions | High sales until exit due to new sanctions in 2018 | They were (or would have been) able to profit from old brand trust and market knowledge and trust that has been built in the past<br>The difficult environment (new sanctions) lead to second exit or that they could never fully start their operation (Group 2b) |

| | | | | | |
|---|---|---|---|---|---|
| Volkswagen | Iran | Medium to high sales<br>High brand recognition<br>High market knowledge | sanctions | only one year active before new sanctions<br>limited sales potential for high sales due to brand reputation | |
| Daimler | Iran | medium sales<br>High brand recognition<br>High market Knowledge | sanctions | No sales<br>Started to set up local assembly with local partner but never started sales due to new sanctions<br>potential for high sales due to brand reputation | |
| Suzuki | South Africa | low sales<br>low brand reputation | low sales | Re-entry success with time and investment of money<br>Offer a product that consumers need<br>More direct distribution | High learning.<br>Product offering gets adapted.<br>High investments in the market of money and time.<br>As a new unite is already starting to be established before the exit (strategic reconfiguration and then re-entry)<br>(Group 3) |
| Renault | India | low sales<br>low brand reputation | low sales | Started setting up factory with Nissan before the exit of old JV<br>Sales stop of 1 year<br>Successful re-entry | |

| | | | | | |
|---|---|---|---|---|---|
| Toyota | Mexico | Low sales<br>Low brand reputation | low sales | Re-entry success<br>Set up local factories<br>Re-entry at a decent timing (establishment of NAFTA) | No learning.<br>Change in market conditions (e.g. establishment of NAFTA), or product gets better accepted in market (e.g. electric car)<br>(Group 4) |
| Tesla | Singapore | No sales<br>Low brand reputation | low sales | Re-entry success<br>Re-entry success when market was ready (product is now accepted in the market) | |

*Table 5.A.1: Selective coding*

| Brand | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Suzuki (Market share) | 2`819 (0.6%) | 3`761 (1.0%) | 4`946 (1.2%) | 5`462 (0.9%) | 4`724 (0.7%) | 4`865 (0.7%) | 6`469 (1.0%) | 6`381 (1.0%) | 5`628 (1.0%) |
| Total car sales, South Africa | 498`507 | 376`409 | 404`103 | 578`886 | 630`619 | 650`745 | 644`504 | 617`749 | 547`406 |

*Table 5.A.2: Car sales Suzuki South Africa 1 (Marklines, 2025)*

| Brand | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| Suzuki (Market share) | 8`833 (1.6%) | 12`090 (2.2%) | 15`481 (2.9%) | 16`527 (4.3%) | 27`583 (5.9%) | 47`178 (8.9%) | 49`436 (9.3%) | 59`574 (11.6%) |
| Total car sales, South Africa | 557`701 | 550`952 | 535`425 | 380`115 | 463`804 | 527`479 | 532`541 | 515`650 |

*Table 5.A.3: Car sales Suzuki South Africa 2 (Marklines, 2025)*

| Brand | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Tesla (Market share) | 3 (0%) | 0 (0%) | 4 (0%) | 14 (0.02%) | 20 (0.04%) | 924 (2.03%) | 875 (2.83%) | 941 (3.11%) | 2`384 (5.54%) |
| BYD (Market share) | 7 (0.01%) | 63 (0.07%) | 32 (0.04%) | 7 (0.01%) | 3 (0.01%) | 89 (0.2%) | 786 (2.54%) | 1`416 (4.69%) | 6`191 (14.39%) |
| Total car sales, Singapore | 87`504 | 91`922 | 80`281 | 72`344 | 44`465 | 45`442 | 30`939 | 30`225 | 43`022 |

*Table 5.A.4: Car sales Tesla and BYD Singapore (Marklines, 2025)*

| Brand | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| BMW (Market share) | 40`174 (20.5%) | 47`877 (19.6%) | 48`459 (21.5%) | 59`624 (25.6%) | 50`524 (19.4%) | 44`191 (18.3%) | 58`393 (22.3%) | 65`669 (24.6%) | 78`395¨ (28.6%) | 77`395 (29.2%) | 73`754 (28.2%) |
| Mercedes (Market share) | 35`213 (17.9%) | 46`994 (19.3%) | 56`343 (25.0%) | 68`861 (29.5%) | 70`798 (27.2%) | 78`133 (32.4%) | 76`879 (29.3%) | 76`152 (28.5%) | 80`976 (29.5%) | 76`697 (28.9%) | 66`400 (25.4%) |
| Audi (Market share) | 27`647 (14.1%) | 32`538 (13.3%) | 16`718 (7.4%) | 962 (0.4%) | 12`450 (4.8%) | 11`930 (4.9%) | 25`513 (9.7%) | 25`615 (9.6%) | 21`402 (7.8%) | 17`868 (6.7%) | 9`304 (3.6%) |
| VW (Market share) | 30`719 (15.6%) | 35`778 (14.7%) | 13`178 (5.8%) | 0 (0.0%) | 15`390 (5.9%) | 8`510 (3.5%) | 17`615 (6.7%) | 14`364 (5.4%) | 15`791 (5.8%) | 10`247 (3.9%) | 8`273 (3.2%) |
| Overall sales Imported Cars segment South Korea | 196`359 | 243`900 | 225`279 | 233`088 | 260`705 | 241`510 | 262`404 | 267`171 | 274`431 | 265`008 | 261`495 |

*Table 5.A.5: Imported cars segment, South Korea (Marklines, 2025)*

| Brand | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| Renault (Market share) | 6`456 (0.3%) | 8`163 (0.3%) | 1`401 (0.04%) | 35`157 (1.0%) | 64`368 (2.0%) | 44`849 (1.4%) | 53`847 (1.6%) | 132`235 (3.6%) |
| Total car sales, India | 2`263`424 | 3`039`517 | 3`294`289 | 3`587`269 | 3`242`301 | 3`176`763 | 3`425`341 | 3`669`277 |

*Table 5.A.6: Car sales Renault India 1 (Marklines, 2025)*

| Brand | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| Renault (Market share) | 112`492 (2.8%) | 82`368 (1.9%) | 88`869 (2.3%) | 80`518 (2.7%) | 95`878 (2.6%) | 87`118 (1.8%) | 48`321 (1.0%) | 41`729 (0.8%) |
| Total car sales, India | 4`018`872 | 4`399`937 | 3`816`887 | 2`938`253 | 3`759`540 | 4`763`779 | 5`079`765 | 5`226`631 |

*Table 5.A.7: Car sales Renault India 2 (Marklines, 2025)*

| Brand | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Citroën (Market share) | 130 (0.02%) | 305 (0.08%) | 670 (0.1%) | 532 (0.1%) | 877 (0.2%) | 2`312 (0.4%) |
| PSA (Market share) | 3`849 (0.7%) | 2`212 (0.6%) | | | | |
| Stellantis (Market share) | | | 5`254 (1.1%) | 6`801 (1.3%) | 3`896 (0.7%) | 4`774 (0.9%) |
| Total car sales, South Africa | 535`425 | 380`115 | 463`804 | 527`479 | 532`541 | 515`650 |

*Table 5.A.8: Car sales Citroën, PSA and Stellantis South Africa (PSA includes Peugeot, Opel and Citroën; Stellantis includes Fiat, Jeep, Abarth, Alfa Romeo, Maserati, Peugeot Citroën and Opel) (Marklines, 2025)*

| Brand | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hyundai (Market share) | 14`370 (7.20%) | 11`405 (5.54%) | 5`514 (3.51%) | 1`981 (1.77%) | 686 (0.45%) | 113 (0.07%) | 0 (0.0%) | 341 (0.24%) | 539 (0.37%) | 9 (0.00%) |
| Total car sales, Pakistan | 199`678 | 206`016 | 157`175 | 111`695 | 152`354 | 163`161 | 157`656 | 141`778 | 146`882 | 229`688 |

*Table 5.A.9: Car sales Hyundai Pakistan 1 (Marklines, 2025)*

| Brand | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Hyundai (Market share) | 7 (0.00%) | 0 (0.00%) | 0 (0.00%) | 0 (0.00%) | 2`098 (1.64%) | 8`903 (3.67%) | 12`882 (5.53%) | 8`763 (10.30%) | 9`672 (7.53%) |
| Total car sales, Pakistan | 210`184 | 249`035 | 264`093 | 192`770 | 127`939 | 242`896 | 232`775 | 85`089 | 128`530 |

*Table 5.A.10: Car sales Hyundai Pakistan 2 (Marklines, 2025)*

| Brand | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hyundai (Market share) | 8`673 (25.56%) | 8`398 (35.72%) | 4`540 (19.20%) | 1`489 (11.17%) | 657 (3.61%) | 113 (0.56%) | 0 (0.00%) | 341 (1.91%) | 343 (1.80%) | 9 (0.02%) |
| Total car sales Light Truck Segment Pakistan | 33`936 | 23`523 | 23`654 | 13`334 | 18`199 | 20`158 | 18`709 | 17`900 | 19`112 | 42`016 |

*Table 5.A.11: Car sales Hyundai Light Truck segment Pakistan 1 (Marklines, 2025)*

| **Brand** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|---|---|---|---|---|
| Hyundai (Market share) | 7 (0.03%) | 0 (0.00%) | 0 (0.00%) | 0 (0.00%) | 2`098 (10.48%) | 5`300 (13.76%) | 7`408 (18.96%) | 6`116 (25.85%) | 7`622 (27.58%) |
| Total car sales Light Truck Segment Pakistan | 26`225 | 36`411 | 37`546 | 25`025 | 20`035 | 38`504 | 39`074 | 23`656 | 27`633 |

*Table 5.A.12: Car sales Hyundai Light Truck segment Pakistan 2 (Marklines, 2025)*

# 6. Conclusions

This dissertation consists of three complementary studies that investigate the phenomenon of foreign market re-entry from different theoretical, methodological, and empirical angles. Although each study stands independently, their combined insights present a comprehensive and multi-level understanding of how, why, and with what consequences firms return to previously exited host markets.

While the re-entry literature has grown significantly in recent years, it remains fragmented, theoretically under-integrated, and empirically narrow (Sousa et al., 2021). Across the three studies, this dissertation responds to these gaps by:

1. Conceptualising re-entry as a change-driven, multi-level process (Study 1),
2. Uncovering behavioural and learning-based mechanisms that shape re-entrants' strategic actions (Study 2), and
3. Examining the conditions under which re-entrants achieve post-re-entry performance success (Study 3).

The combined findings reveal re-entry not as a mere repeat of earlier internationalisation, but as a strategic, knowledge-intensive, and uncertain endeavour shaped by the interplay of OL, resources, environmental change, timing, and managerial cognition.

Below, each study's key conclusions and contributions are summarised.

Study 1: Key Changes Influencing Re-Entry Decisions

Study 1 addresses the fragmented understanding of why firms re-enter a previously exited market. Scholarship has long acknowledged the existence of re-entries (Hadjikhani, 1997; Welch & Welch, 2009), but little work has examined the specific internal and external changes in a quantitative way that precede return decisions, nor the mechanisms by which firms recognise and react to them (Sousa et al., 2021, pp. 13-15).

With over 25`000 newspaper articles screened by hand and a built final dataset of 140 cases, the study introduces a conceptual and empirically grounded Re-Entry model of change, identifying five categories of change that condition re-entry:

1. Regulation change
2. Partner / Operation mode / Business model change
3. Financial condition change
4. Strategy change
5. Market attractiveness change

The core contribution is that in the first three years, re-entrants often have one main core reason to re-enter and can profit from their initial market knowledge. After a longer timeout time the picture gets generally more mixed with a combination of market attractiveness change, strategy change and financial condition change. The only exception here are regulation changes, which seem to be a stand-alone change over time.

Study 2: Behavioural Perspectives on Fast-Food Chain Re-Entries

Study 2 investigates how re-entrants differ from novo entrants and how prior experience is actually used (or not used) in shaping re-entry strategies. At the difference from re-entrance to novo entrance, only one paper has looked so far (Javalgi et al., 2011). Therefore, many questions remain unanswered and the new theoretical lens behavioural theory (Cyert & March, 1994) was introduced to the re-entry literature. By analysing the three core concepts bounded rationality (Cyert & March, 1994, pp. 214-215), unresolved conflict (Cyert & March, 1994, p. 215) and imperfect environment matching (Cyert & March, 1994, p. 215) a new theoretical lens was brought into re-entry research.

Across six re-entry cases of global fast-food chains, the study finds:

1. Re-entrants possess advantages that novo entrants lack, but these advantages only translate into performance if firms actively apply their knowledge.
2. Brand strength often substitutes for local learning in negotiations with franchise partners.
3. Behavioural constraints limit learning transfer, including misunderstandings of partner motives, misaligned expectations, and overconfidence in brand power.
4. Re-entry challenges mirror initial entry challenges, meaning re-entrants must still enact local adaptation despite their experience.
5. Partner selection is central, as misaligned partnerships are a major cause of both exit and failed re-entry.

The study contributes a behavioural lens to re-entry that complements rational learning perspectives. A demonstration that prior knowledge is potential energy: it must be activated, contextualised, and updated to become an advantage. A model explaining how bounded rationality and unresolved partner conflicts shape re-entry behaviour.

Study 3: Re-Entry Strategies and Performance in the Automotive Industry

Study 3 shifts the focus from antecedents to outcomes, addressing one of the most underdeveloped areas of re-entry research: performance (Sousa et al., 2021, p. 14). Drawing on 26 automotive industry cases, the study reveals that performance after re-entry varies substantially and identifies four core trajectories and two subcategories:

1. Re-enter without adequately adjusting to prior failures; repeat mistakes; underperform. With low investment in market before and after exit (e.g. only local distribution partner).

1b Re-entrants know they need to invest more in market but still underperform as they are late to a very competitive market.

2. Re-enter with strong residual brand equity and consumer loyalty; perform well even after long absences. Forced out of market due to political and economic reasons.

2b. Re-entrants that would succeed but then new sanctions force them again out of market.

3. Leverage high-quality learning, correct earlier strategic errors, and outperform their initial market presence.

4. Experience and resources have depreciated due to long timeouts or structural industry changes; behave like newcomers.

The study concludes that re-entry success is contingent upon the quality of learning, resource reconfiguration, contextual alignment, and timing, not on experience alone.

Its contributions include, one of the first systematic analyses of re-entry performance in a major global industry. A typology linking learning, resource bases, and outcome heterogeneity. An integrative theoretical contribution showing how RBV and learning theory jointly explain re-entry trajectories.

To better illustrate the papers, in Table 6.1 an overview of the research gaps, research questions, conclusions and contribution is given.

| Study | Underlying Research Gap | Research Questions | Conclusions | Contributions |
|---|---|---|---|---|
| **Study 1** (P1) | • Fragmented conceptualisation of re-entry drivers<br>• Lack of integrated model explaining why firms re-enter<br>• Absence of multi-level, change-based perspective | • What factors in the market or company must change for a company to re-enter?<br>• Can we identify clusters of re-entry cases based on the combinations of their re-entry reasons? | • For fast re-entry one dominant reason occurred<br>•For longer timeout time Re-entry is driven by the accumulation of *multiple* favourable changes.<br>• Firms return when strategic opportunities align with organisational readiness. | • Development of the re-entry model of change.<br>• Theorisation of change as a multi-level antecedent of re-entry.<br>• Integration of strategic, organisational, and environmental shifts. |
| **Study 2** (P2) | • Limited understanding of how re-entrants differ from novo entrants<br>• Underexplored behavioural and learning mechanisms<br>• Lack of industry-specific re-entry analysis | • How do re-entrants differ from novo entrants?<br>• How can fast-food chain re-entrants profit from their initial market knowledge? | • Re-entry advantages exist but are not automatic.<br>• Partner choice is critical; behavioural constraints affect use of experience.<br>• Brand trust can partially substitute for local learning. | • Introduction of a behavioural perspective in re-entry research.<br>• Identification of learning activation and misalignment issues.<br>• Evidence of bounded rationality, unresolved conflict and imperfect environment matching shaping re-entry. |
| **Study 3** (P3) | • Lack of studies on re-entry performance<br>• No typology explaining outcome heterogeneity<br>• Limited integration of RBV and learning perspectives | • Under what circumstances do re-entrants achieve successful performance? | • Outcomes vary widely across four re-entry types.<br>• Experience is beneficial only when updated, adapted, and reconfigured.<br>• Resource-based advantages must be aligned with contextual changes. | • First large-scale performance analysis in re-entry research.<br>• A fourfold typology explaining outcome heterogeneity.<br>• Integration of RBV and learning theory into re-entry performance. |

*Table 6.1: Overview of research gaps, research questions, conclusions, and contributions*

## 6.1. Cross-Study Integration: A Synthesized Perspective

The primary value of this dissertation lies not in the individual findings of the three studies, but in their synergistic integration. Moving beyond the what of re-entry, the combined insights reveal a complex strategic dance between organizational memory and environmental evolution. Contrary to traditional incremental models (Johanson & Vahlne, 1977), re-entry is a punctuated internationalisation process. The studies collectively show that the time-out period is not a vacuum; it is a period of resource depreciation and environmental shifts. A core

overarching insight is that prior market experience is a double-edged sword. While it provides potential energy in the form of brand equity or relational networks (Study 2), it can lead to cognitive traps where managers apply outdated solutions to new problems (Study 3). Integration across the studies shows that re-entry is rarely the result of a single factor. Instead, it is a convergence of readiness, where internal financial recovery (Study 1) meets external institutional liberalization (Study 1 & 3) and is moderated by the firm's ability to unlearn previous failures (Study 2).

Re-entry is multi-causal, multi-level, and dynamic. Multiple changes at the firm, industry, and institutional levels jointly shape re-entry behaviour (Studies 1–3). Experience is not inherently valuable; learning quality determines success. Poor learning, outdated knowledge, and failure to unlearn hinder advantage (Studies 2–3).

Re-entry is a strategic act shaped by cognition, capability, and context. Managerial judgments, partner choices, and timing influence whether re-entry resembles renewal, repetition, or reinvention.

## 6.2. An Integrative Conceptual Framework for Market Re-Entry

Building on the insights of the three studies, the conclusion chapter synthesises a conceptual framework that integrates the company, home-country, and host-country levels with the five major theoretical foundations of this dissertation. The framework illustrates how re-entry results from the interaction of firm-level capabilities (Barney, 1991), behaviour (Cyert & March, 1994) and learning processes (Argyris & Schön, 1978), internationalisation path dependencies (Johanson & Vahlne, 1997; Vahlne, 2020), and institutional conditions (Parsons, 1956, 1960; Selznick, 1949, 1957; Weber, 1978) in the home and host countries.

To synthesize these findings, Figure 6.1 presents an original conceptual framework. This framework moves beyond the individual theories used in the studies to offer a holistic view of the re-entry ecosystem.

### 6.2.1. Company-Level Foundations: The Engine of Return

At the heart of the proposed framework are the Firm-Level Foundations, which serve as the internal engine for re-entry. The research extends the RBV and OLT by demonstrating that re-entry success is not merely a function of possessing resources, but of managing their contextual relevance and decay rates over time.

Building on the RBV (Barney, 1991), this dissertation identifies a critical distinction between different types of firm resources during a market timeout. The dissertation found that high brand strength acts as a re-entry buffer. It preserves consumer mindshare during the firm's absence, allowing re-entrants to bypass certain local learning costs that novo entrants must pay (Study 2). In contrast, operational capabilities - such as supply chain networks and local partner systems - often suffer from high structural decay. The findings in Study 3 show that these frequently require total reconstruction, as the prior networks often become obsolete or frozen in a previous market era.

This dissertation expands OLT by applying the concepts of double-loop learning (Argyris & Schön, 1978) to the re-entry context. The research suggests it is insufficient for a firm to simply remember how to operate in a market (single-loop learning). To succeed, firms must engage in double-loop learning by questioning the underlying strategic assumptions and theory-in-use that led to the initial exit. A core contribution is the finding that unlearning outdated routines is as critical as re-learning new ones. Firms that fail to unlearn their prior, failed business models often succumb to competency traps, repeating past mistakes under the guise of experience.

Finally, the framework integrates Behavioural Theory (Cyert & March, 1994) to account for the cognitive limits of managers. As evidenced in the fast-food cases (Study 2), re-entry strategies are frequently shaped by satisficing - where firms choose good enough partners or familiar modes due to information constraints, rather than conducting a fully rational search. These behavioural elements are moderated by Organisational Memory. The work demonstrates that memory is a double-edged sword: while it provides a roadmap for return, it can also induce cognitive biases that lead managers to overstate the relevance of outdated market knowledge.

### 6.2.2. Institutional Interplay: Push and Pull Factors

A central contribution of this dissertation is the application of the IBV (Peng et al., 2009) as a dual-force system. Rather than looking at the host market in isolation, the framework positions re-entry at the intersection of home and host country institutional conditions.

#### *6.2.2.1. Home-Country Conditions: Institutional Push Factors*

While most international business scholarship focuses on the attractiveness of the target market, re-entry is often necessity-driven by the home environment.

The dissertation argues that restrictive home-country conditions - such as economic stagnation, increased regulatory pressure, or hyper-competition - act as significant push factors. When the home institutional environment becomes too restrictive or saturated, firms are pushed to re-evaluate previously exited markets. This adds a crucial nuance to the literature: re-entry is not always a choice driven by growth, but sometimes a strategic necessity for survival when domestic options are exhausted.

#### *6.2.2.2. Host-Country Environment: Institutional Pull Factors and Gatekeepers*

Host-country institutions represent perhaps the most powerful determinant of re-entry timing. Extending the work of Meyer et al. (2009), this dissertation proves that host institutions act as gatekeepers that control the opening and closing of market windows.

As elaborated across all three studies, specific institutional shifts - such as market liberalisation, the lifting of economic sanctions, or new foreign investor incentives - create the formal conditions necessary for return. The dissertation finds that until the host-country institutional environment aligns with a firm's minimum safety and stability requirements, its

internal capabilities (even if superior) remain dormant. Beyond timing, host institutions dictate the rules of the game, shaping the entry mode (e.g., the choice between a WOS, JV, or Franchising) and defining the risk parameters associated with re-engagement.

By integrating these push and pull factors, the framework shows that re-entry is a response to institutional alignment: firms return when the push from home matches a viable pull from the host, reducing the uncertainty that led to the initial exit.

### 6.2.3. Path-Dependency and the Internationalisation Process

The final pillar of the framework views re-entry through the lens of the IPM (Johanson & Vahlne, 1977, 2009). A central finding of this dissertation is that re-entry is rarely a clean slate or a standalone event; rather, it is an inherently path-dependent act where a firm's previous history in the market acts as a shadow over its current strategy.

As evidenced in Studies 2 and 3, re-entry should be conceptualized not as a reset of internationalisation, but as a strategic sequel. The script for the return is heavily influenced by how the first chapter ended. Even if the initial exit ended in conflict, the relational bonds - whether positive or negative - shape the choices available during the second attempt. Firms often find themselves drawn back into previous networks or, conversely, forced to over-invest in new ones to overcome a damaged local reputation. Decisions regarding entry mode and partner selection are often constrained by prior experiences. Firms frequently re-enter using modes they are familiar with, even if the market context has shifted, demonstrating how past commitment paths dictate future resource allocation.

The dissertation contributes to the IPM by refining how market knowledge and psychic distance interact during a timeout. It finds that the relevance of prior experience is not static. It is moderated by cultural, institutional, and geographic distance. In markets with high institutional volatility, the experiential knowledge gained during the first entry may become a liability if it is not actively updated. A key typology emerging from Study 3 is the distinction between learning-driven improvers- who leverage their history to correct strategic errors - and quasi-novo entrants. The latter are firms whose long absence or significant structural industry changes have caused their previous knowledge to depreciate so entirely that they must behave as if they have no prior market history.

Finally, this part of the model corresponds to the evolving nature of commitment in the IPM. Re-entry highlights that internationalisation is not always a steady, incremental climb. Instead, it involves the re-activation of networks. Studies 2 and 3 show that firms do not just build new relationships; they strategically mine their international networks to find bridges back into the host market, proving that commitment can be dormant and then rapidly re-escalated when the right conditions arise.

To better illustrate this Figure 6.1 was created.

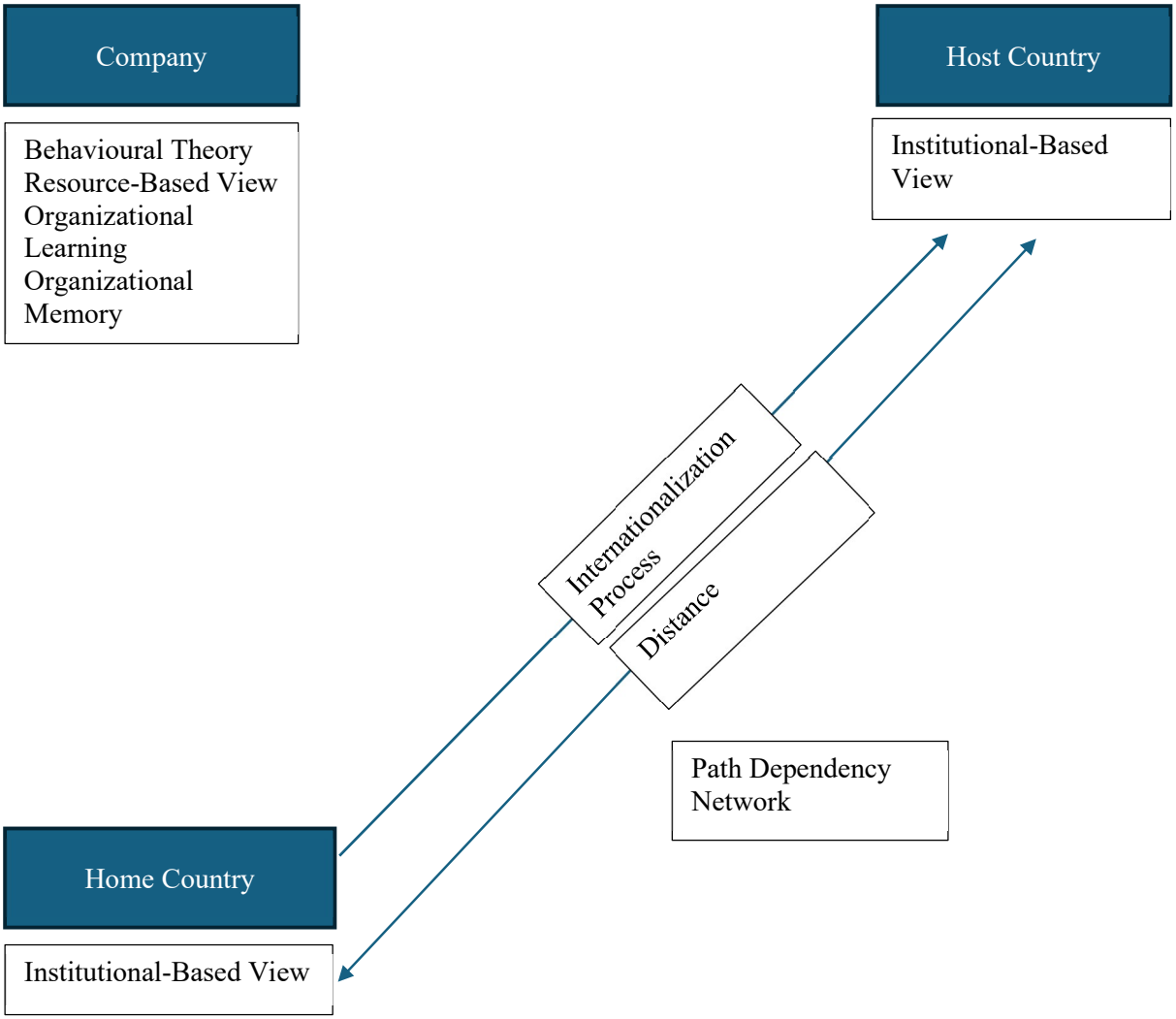


*Figure 6.1: Conceptual Framework of the re-entry ecosystem*

## 6.3. Theoretical contribution of the dissertation

In the following the theoretical contribution of the studies to each theory is explained.

### 6.3.1. Institutional-Based View

Study 1 demonstrates that re-entry decisions are often triggered by transformations in the host-country institutional environment, such as the liberalisation of entry barriers, improved political stability, or regulatory reforms favourable to foreign firms. Institutional shifts fundamentally alter the opportunity structure and reduce uncertainty, thereby making re-entry not only possible but strategically attractive. This is consistent with Meyer et al. (2009, pp. 71-74), who argue that institutional frameworks determine the feasibility and mode of international market operations. It also aligns with Surdu and Narula (2021, pp. 12-13), who show that institutional uncertainty affects the timing and knowledge utilisation during re-entry, and with Aguzzoli et al. (2021, pp. 427,431), who demonstrate how local institutional barriers - particularly in the context of partner dependence - shape firms' re-entry strategies.

### 6.3.2. Resource-Based View

Study 3 highlights that the performance of re-entrants varies substantially depending on whether firms are able to deploy brand strength, network relationships, local market insights, or technological and operational capabilities accumulated during earlier market presence. However, the study also shows that resources may decay over time, particularly when market environments change. This aligns with Chen et al. (2019, pp. 164, 166). who argue that past experience and capabilities support re-entry only if they remain relevant and contextually valid.

Study 2 further demonstrates how global fast-food chains rely on transferable resources such as brand equity, franchising systems, and international supply-chain capabilities but may still fail when these resources are insufficiently adapted to the new institutional or competitive environment. This supports findings by Yayla et al. (2018, pp. 1109, 1112) and Ekeledo and Sivakumar (2004, pp. 74, 89), who show that resource–market fit determines entry mode and strategic configuration.

### 6.3.3. Internationalisation Process Model

Study 3 shows that some firms re-enter as learning-driven improvers, building on earlier experience in a manner consistent with the Uppsala model's prediction that market knowledge reduces uncertainty and facilitates deeper engagement (Görg & Spaliara, 2018, pp. 159-160). Other firms re-enter as quasi-novo entrants, because their earlier market knowledge has depreciated a finding aligned with Surdu et al. (2019, pp. 409, 414-415) who emphasise that knowledge utilisation is contingent and not guaranteed.

Study 2 illustrates that fast-food chains often restart with a lower-commitment mode (e.g., new franchise partnerships), reflecting the incremental nature of the internationalisation process. Similarly, Study 1 conceptualises re-entry as part of an ongoing internationalisation path in which firms accumulate, reassess, and redeploy market experience.

### 6.3.4. Organisational Learning Theory

Study 3 explicitly applies OLT by drawing on Argyris and Schön (1978, pp. 10-12, 17-26) concepts of single-loop and double-loop learning, as well as Espoused Theory versus Theory-in-Use. Successful re-entrants engage in double-loop learning, questioning prior strategic assumptions and adapting their underlying mental models. Unsuccessful re-entrants, by contrast, often repeat earlier mistakes due to insufficient unlearning (Palmer, 2004, pp. 1088-1089).

Study 2 similarly shows that re-entry advantages materialise only when firms actively apply and update prior market knowledge, highlighting that experience alone is insufficient and may even mislead decision-making if not critically re-evaluated (Surdu et al., 2018, pp. 926-927; Vissak & Francioni, 2013, p. 956).

Study 1 contributes by conceptualising re-entry as a process of change detection, in which firms identify and interpret new opportunities and correct past misalignments. This suggests

that OL is essential not only for avoiding previous mistakes but also for recognising favourable re-entry windows.

### 6.3.5. Behavioural Theory

First, Study 2 has used bounded rationality to explain why re-entrants rely on satisficing rather than fully optimised decision-making, despite having prior market knowledge. Due to long time-out periods, changes in consumer preferences, and limited visibility into partner capabilities, re-entrants often face significant information constraints when preparing for re-entry. Study 2 shows that firms do not base their re-entry decisions on perfect assessments of market potential; instead, they make workable choices using available but incomplete information, consistent with Cyert and March (1994, pp. 214-215) view that firms cannot identify optimal solutions but search for satisfactory ones.

Second, Study 2 has used imperfect environment matching to explain why re-entrants must modify or abandon previous routines. The cases illustrate that menu designs, pricing strategies, partner structures, and even entry modes used during the first attempt no longer fit the market at re-entry. Study 2 demonstrates that re-entrants must adjust their practices - such as introducing halal certification, premium positioning, modernised store concepts, or revised pricing - to match the specific demands of the host environment. This aligns with Cyert and March (1994, p. 215) that organisational routines rarely fit new environments without adaptation.

Third, Study 2 has used unresolved conflict to account for the central role of franchisee relationships in both exit and re-entry outcomes. Several exits in the study were directly caused by partner withdrawal, conflict, or operational underperformance, reflecting Cyert and March (1994, p. 215) notion that organisational actors pursue divergent goals that cannot be fully aligned. Study 2 shows that re-entrants responded to these conflicts by restructuring partner relationships - switching to WOS, forming JV, or selecting more experienced franchisees - to reduce friction and improve governance at re-entry.

Overall, Study 2 has used behavioural theory to highlight the cognitive and organisational constraints shaping re-entry strategies, explaining why fast-food re-entrants cannot simply rely on previous experience, why they must engage in substantial adaptation, and why partner alignment becomes critical. By employing behavioural theory, Study 2 moves beyond resource- and learning-based explanations and shows that re-entry outcomes are strongly shaped by bounded information, misaligned routines, and persistent partner tensions.

## 6.4. Limitations

Despite the contributions of this research, several limitations must be acknowledged. These boundaries provide important context for interpreting the results and offer a roadmap for future scholarly inquiry.

First, all three studies rely exclusively on secondary data, including newspaper archives, corporate reports, and industry databases. While this data was triangulated and systematically collected to ensure reliability, it remains at the surface level of corporate action. This restricts access to the internal reasoning and boardroom logic behind re-entry decisions. Consequently, the dissertation cannot fully capture the tacit learning - the unwritten knowledge held by individuals - or the specific cognitive processes of executive teams. We observe the strategic output, but the internal debates and alternative paths that were rejected remain a black box that archival data alone cannot open.

Second, the case-study approach adopted in Studies 2 and 3, while rich in depth and contextual nuance, inherently limits statistical generalisability. The configurations and typologies developed - such as the learning-driven improvers - provide a strong theoretical foundation, but they represent a selective group of firms. Without large-scale quantitative validation across a broader population, these findings should be viewed as exploratory frameworks rather than universal laws of re-entry.

Third, the sectoral focus on fast-food chains (Study 2) and automotive firms (Study 3) raises questions regarding cross-industry transferability. These sectors are characterized by specific capital intensities, franchise-heavy structures, and long-cycle product developments. Therefore, the strategic mechanisms identified here may not be directly applicable to high-tech digital industries, service sectors with low entry barriers, or highly regulated environments where the rules of the game for re-entry differ significantly.

Fourth, the performance analysis in Study 3 is constrained by data inconsistencies inherent in longitudinal international research. Because the time-outs between exit and re-entry often spanned several decades, firm-level and market-level data availability varied substantially over time. Changes in accounting standards, corporate restructuring, merger and acquisitions, and shifting industry reporting metrics meant that performance could not always be measured with perfect uniformity, requiring a more interpretative and qualitative assessment of success.

Fifth, the studies investigate only re-entrants, not firms that exit but never return. Without a counterfactual group, the determinants of non-re-entry remain underexplored. We understand what triggers a return, but we cannot definitively isolate the factors that lead other firms to choose permanent withdrawal despite facing similar environmental changes. This survivorship bias is a common challenge in re-entry research that limits our understanding of the decision-making threshold.

Sixth, central elements of the re-entry process - specifically managerial cognition, strategic decision-making, and organisational politics - could only be inferred indirectly. Re-entry is often a political act within a firm, influenced by power struggles or top management team

turnover. Since these dynamics were not observed directly through interviews or ethnography, the behavioural explanations provided are based on the observable results of those internal politics rather than the real-time observation of the politics themselves.

Seventh, initially, the dissertation intended to perform more complex quantitative cluster analyses on the dataset in Study 1. However, the inherent messiness of international data over long time-outs (spanning decades in some cases) led to inconsistencies that made high-level statistical modelling less robust than the qualitative typology eventually produced. This highlights the difficulty of big data in niche IB phenomena like re-entry, suggesting that future researchers might need to focus on narrower time-frames to achieve statistical significance.

Eighth, a significant period of the doctoral research was dedicated to employing fsQCA. The objective was to move beyond linear relationships and detect causal recipes or configurational patterns that lead to successful re-entry. However, despite rigorous attempts to calibrate the data, the final dataset proved unsuitable for this method. The primary obstacles included a lack of sufficient fine-grained calibration points within the secondary data and an insufficient number of cases per configuration to ensure logical consistency. While this shift was necessary to maintain the empirical integrity of the study, it highlights a limitation in using archival data for complex configurational modelling in the re-entry context.

## 6.5. Implications for Further Research

Here is the provided outline transformed into a cohesive and professional academic text:

Future Research Agenda: Expanding the Scope of Re-Entry Studies

The current findings open several rich avenues for future work, suggesting a move toward more complex methodologies and broader thematic focuses. To advance the field, future research should prioritize the following seven areas:

1. Advanced Empirical Testing

Future studies should move beyond simple correlations to test comprehensive re-entry models. Utilizing sophisticated statistical techniques such as structural equation modelling, multi-level modelling, and meta-analytic structural equation modelling (MASEM) will allow for a deeper understanding of variable relationships. Additionally, configurational approaches (such as fsQCA) can help identify the specific recipes or combinations of conditions that lead to successful market re-entry.

2. Comparative Analysis

To truly understand the re-entry effect, research must account for the counterfactual. Future studies should compare re-entrants with non-re-entrants to identify the specific differentiators that allow some firms to return to a market while others choose permanent withdrawal.

3. Learning and Capability Renewal

The internal mechanics of the firm during a timeout remain a critical area of study. Research should examine the processes of learning and unlearning, specifically identifying which routines are discarded during absence, how firms rebuild market-specific capabilities upon

return, and the rate at which capability decay occurs during different timeout durations.

4. Behavioural and Cognitive Mechanisms

Building on the psychological aspects of international business, future work should explore the role of managerial cognition. Key areas of interest include overconfidence regarding re-entry timing, the escalation of commitment to failing markets, and how top management team turnover influences the decision to return. Understanding how managers make sense of a market they previously exited is vital.

5. Diversifying Re-Entry Outcomes

While financial performance is a standard metric, future research should consider broader organisational outcomes. This includes how re-entry modes evolve over time (e.g., shifting from a JV to a WOS), the nature of post-return restructuring, and the consequences for various stakeholders, including employees, customers, and partners.

6. Expanding Contextual Boundaries

To increase the generalizability of re-entry theory, new studies should conduct cross-industry and cross-country comparisons. There is a particular need for research within digital industries, highly regulated service sectors, emerging markets, and geopolitical environments characterized by recurring instability.

7. Methodological Triangulation

Finally, an ideal future agenda involves shifting toward mixed-method and multi-method designs. Combining archival data with qualitative interviews, or using survey-based studies alongside comparative within-firm and across-firm designs, will provide a more holistic view of the re-entry phenomenon.

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