Boomerang Multinationals?

Strategic flexibilities or rigidities? A Perspective on the Foreign Market Re-Entry Strategies of Developed versus Emerging Market Re-Entrants

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ABSTRACT

Research on EMNEs has come centre stage in international business (IB), with a surge of studies urging scholars to investigate the differences between the international decisions made by developed market multinationals (DMNEs) and emerging market multinationals (EMNEs). Neither has considered that this can be looked at in the context of *foreign market re-entry* showing that EMNEs have not only commenced to expand internationally but have also exited and subsequently *re*-entered foreign countries. This study explores the similarities and differences concerning DMNEs' and EMNEs' re-entry decisions. We found that EMNE and DMNE re-entrants are more similar than they are different, particularly when re-entering developed host markets. Regarding re-entry into emerging host markets, our findings suggest that, much like DMNE re-entrants, EMNEs can learn from the exit experience and alter their strategies to re-enter and overcome their competitive disadvantages that led to an untimely exit. We discuss the implications for IB theory of looking at the foreign market (re-)entry decisions of EMNEs from a strategic flexibility and organizational learning perspectives.

Keywords: Foreign market re-entry, Emerging market multinationals, Strategic flexibility, Learning, Comparative study

1. INTRODUCTION

Since the 2000s, academics have been paying attention to emerging markets because of their increased role in global demand and economic growth (Buckley, Forsans and Munjal, 2012; Chiao, Lo and Yu, 2010; Luo and Tung, 2007; Meyer, Ding, Li and Zhang, 2014; Pan, Teng, Supapol, Lu, Huang and Wang, 2014). Scholars have focused on the theoretical underpinnings of this literature because of the ongoing debate over the applicability and relevance of conventional IB and management theories to explaining foreign market entry strategies of firms entering emerging markets (Demirbag, Tatoglu and Glaister, 2008; Narula, 2006) and more recently of firms from emerging markets expanding internationally (Buckley et al., 2012; Pan et al., 2014; Rugman, Nguyen and Wei, 2014; Surdu, Mellahi and Glaister, 2018a). The emerging nature and transitional characteristics of non-Western markets have led some scholars to suggest that emerging markets possess unique characteristics which should be used to extend and enrich existing theories (Buckley et al., 2012; Lin, 2010; Narula, 2006; Ramamurti and Singh, 2009). This camp of scholars also argues for an application of extant theories and concepts to EMNEs' international expansion decisions, whilst others (Luo and Tung, 2007; Mathews, 2002; 2006) propose the development of newer theories by exploring the unique forces influencing how and when EMNEs expand internationally. Despite the extensive debate about the appropriateness of the extant foreign market entry literature to explain the emergence of EMNEs, there is no agreement on the theoretical foundations of EMNEs; yet, it is agreed that DMNEs and EMNEs are somehow different particularly in regards to why, when and how they enter foreign markets.

Recently, research efforts have been focused on advancing our understanding of how EMNEs expand internationally not only by entering into other emerging host markets, but also to capture opportunities for growth in developed host markets (Banerjee, Prabhu and Chandy, 2015; Cui, Fan and Li, 2017; Deng, Liu, Gallagher and Wu, 2018; Kotabe and Kothari, 2016). These studies provide examples of how EMNEs overcome their inherent home country disadvantages to develop firm-specific resources and eventually compete with MNEs in developed markets. The complexity of both DMNEs' and EMNEs' strategic choices is recognised (Deng et al., 2018; Ramamurti, 2012) as is the hazard of generalising findings about how EMNEs are different from the MNEs that came before them. Notably, Ramamurti (2012) proposed that, in order to discover strategic decisions where extant theorising may be inadequate, we must deliberately search for patterns in the behaviour of EMNEs that appear not to be explained by what we already know about the differences between DMNEs and EMNEs (see also Yayla, Yeniyurt, Uslay and Cavusgil, 2018). Further, the points of reference used to make generalisations regarding the differences between DMNEs and EMNEs are increasingly criticised for being too vague (Surdu et al., 2018a), since few empirical papers employ a comparative research design.

We then ask: What are the foreign market re-entry strategies of EMNEs? Are EMNE re-entrants different compared to DMNE re-entrants? This paper characterises and explores the foreign market *re*-entry decisions of DMNEs and EMNEs after these firms have initially entered and subsequently exited a foreign market. The aim of this exploratory study is twofold. First, despite the growing number of studies on the determinants of EMNEs' international decisions, particularly the process and modes of initial entry (Buckley et al., 2012; Kedia, Gaffney and Clampit, 2012; Lin, 2010), there is relatively less research empirically investigating the decisions of these firms after initial entry (a few recent exceptions being Surdu, Mellahi and Glaister, 2018b; Surdu, Mellahi, Glaister and Nardella, 2018). The process of foreign market entry is not irreversible as firms facing difficulties in their international expansion are forced to exit the foreign market (Sousa and Tan, 2015). Foreign market re-entry is a strategic choice which involves commitment to a foreign market beyond the initial decision to exploit resources and or acquire assets that can later be exploited in the MNE's home market. Further, re-entry may be characterised by strategic flexibility required when making decisions associated with higher risk and uncertainty (Yayla et al., 2018) and exploratory learning capabilities needed to overcome the mistakes associated with having exited the market (Surdu, et al., 2018b; Welch and Welch, 2009). The ability of EMNEs to learn and commit resources abroad after a process of market exit could question some assumptions of current literature, with re-entry requiring an initial exploration of those assumptions.

We contribute to the EMNE literature by testing well-established assumptions about the similarities and differences between DMNEs and EMNEs and propose that a strategy perspective would enrich EMNE research. In doing so, we summarise and discuss the key assumptions made in the literature about the foreign market decisions of EMNEs. Based on an analysis of our unique dataset which comprises over 600 (DMNE and EMNE) firms which have engaged in a total of 786 market seeking re-entry events between 2000 and 2016, we discuss implications for IB theory. In particular, we propose that EMNEs' core capabilities are more closely associated with their flexibility to make strategic decisions. In turn, DMNEs possess core rigidities which may impede them to use what is often viewed as their superior resources and capabilities to re-enter previously exited markets faster or with higher commitment modes compared to their emerging market counterparts.

2. FOREIGN MARKET EXIT AND RE-ENTRY

In this study, foreign market re-entry is defined as *"a process involving a period of international business activity, then exit from international operations, followed by a time-out period of some duration, then a process of international re-entry, concluding with successfully renewed international operations"* (Welch and Welch, 2009, p. 568; see also Surdu et al., 2018b). The impetus for exit after initial entry into a foreign market has been generally associated with organisational dissatisfaction, leading to a firm's decision to liquidate or sell its operations into a foreign market (e.g. Javalgi et al., 2011; Sousa and Tan, 2015), conflict with institutional actors (Fletcher, 2001), or a decrease in performance from not understanding how to operate and establish legitimacy in the host market (e.g., Benito and Welch, 1997; Benito, 2005). Particularly, poor host market performance signals that the strategy of the MNE has been unsuccessful making it very likely for the firm to abandon the host market (Sousa and Tan, 2015; Surdu et al., 2018b). Based on previous studies of firms which have engaged in total market exit, there is a tendency for them to re-enter.

Whilst the research field of market re-entry is a relatively novel one (Surdu et al., 2018b; Vissak and Francioni, 2013; Vissak and Zhang, 2015; Yayla et al., 2018), there may be similarities between initial or *de novo* market entry and foreign market re-entry decisions in some key theoretical respects. To start with, for a firm to become an MNE, it is expected to possess significant firm-specific resources that can be exploited into foreign markets to offset the disadvantages of being a new entrant, and thus not possessing host market-specific knowledge (Narula, 2006). MNE competitive advantages should not only stem from location specific advantages which accrue to firms operating in a given home country location (Narula and Verbeke, 2015; Rugman and Verbeke, 2001) so that they can be utilised when going into a new foreign market. Prior to exiting a foreign market, firms (both DMNEs and EMNEs) are left with some level of firm-specific intangible resources such as experiential knowledge acquired from operating in that given market even when most physical assets would have been lost. Furthermore, re-entrant MNEs may exploit their host market-specific knowledge when returning to the previously exited market, which might give them a firm-specific advantage compared to other players entering the market for the first time (Welch and Welch, 2009). *Figure 1* presents a conceptualisation of the re-entry phenomenon.

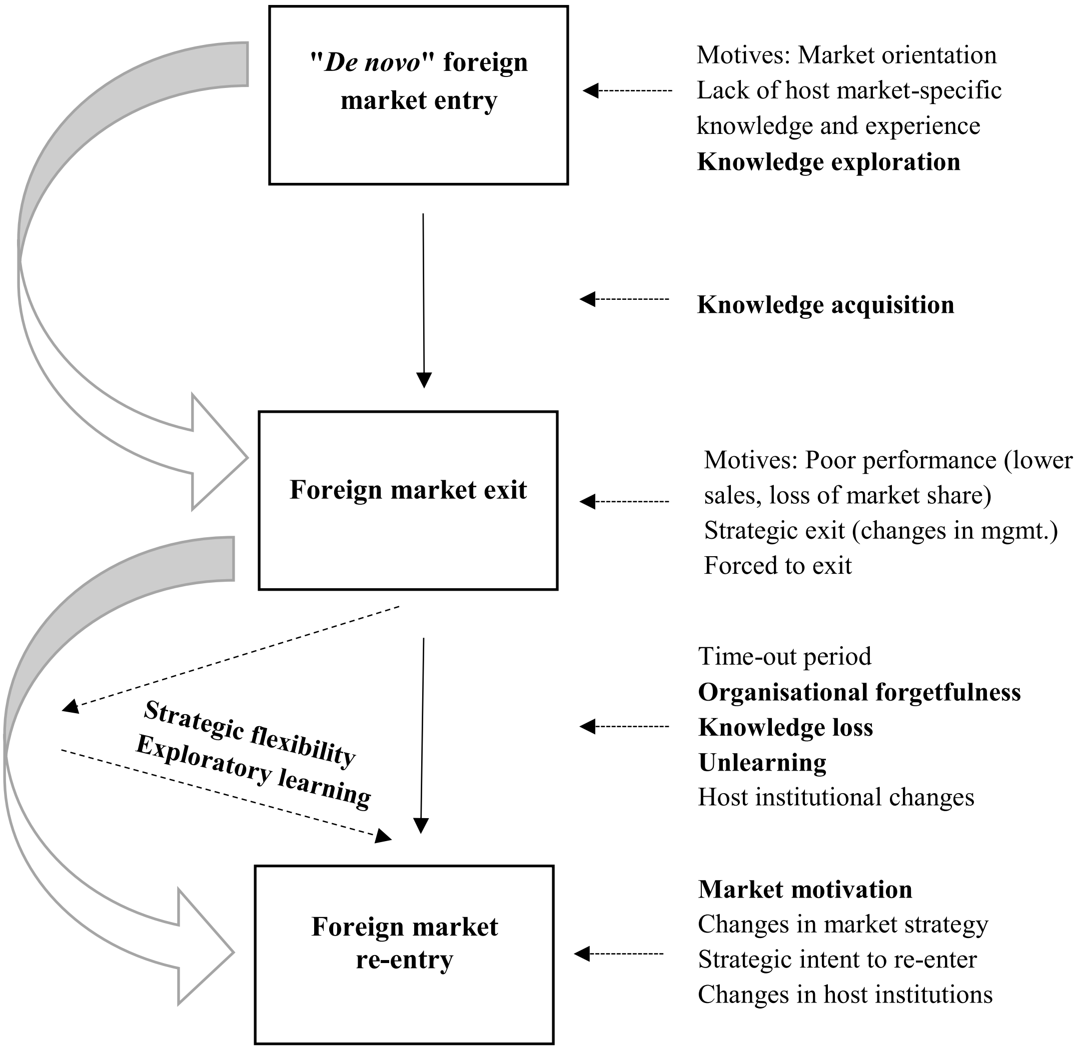

Figure 1. A conceptualisation of the foreign market re-entry phenomenon

As depicted in *Figure 1*, the duration of the time-out period between exit and re-entry is also important for re-entrants, because it may take time for an organisation to distill the lessons learnt from the previous venture when a long time has passed since market exit (Surdu et al., 2018b; Welch and Welch, 2009), and when the competitive advantages previously possessed in the host market may have been lost and the knowledge acquire through experience, forgotten. Changes that may have occurred in the host institutional environment in the period between exit and re-entry could mean that knowledge acquired during the initial foray may no longer be a source of legitimacy in the new institutional environment and MNE re-entrants may benefit from unlearning past behaviours and routines (Surdu et al., 2018b).

Furthermore, also central to the explanation of MNE foreign investment is the idea that MNEs will invest more resources and or select higher-equity (commitment) modes of operation in countries that provide greater host location specific advantages and which are a greater fit with the firm's own resources and capabilities (Surdu et al., 2018b). In the case of re-entrants, possessing prior knowledge and experience in the market may increase their propensity to take risks, thus potentially leading to both DMNE and or EMNE re-entrants engaging in higher resource commitment modes upon re-entry. In turn, the potential trauma associated with exiting the host market may drive MNE re-entrants to decrease their resource commitment upon re-entry (Javalgi et al., 2011; Welch and Welch, 2009).

3. EMNE LITERATURE BACKGROUND

3.1. Assumption #1: EMNEs' resources and neither firm-specific, nor advantageous

A bedrock principle in the IB literature has been that EMNEs do not possess proprietary firm-specific advantages that can offset the risks and costs associated with entering foreign markets (Buckley and Casson, 1976; Dunning, 1980). Firm-specific resources such as technological resources and know-how, strong brands, managerial and marketing capabilities-, which subsequently become firm-specific advantages as firms expand beyond their national markets-, have been, and continue to be associated with DMNEs (Buckley et al., 2012; Pan et al., 2014; Rugman et al., 2014; Torre and Chacar, 2012). Some scholars highlight the importance to distinguish between experiential knowledge and institutional knowledge acquired from operating in different countries, or knowledge acquired over time by being internationally diversified for longer (Brouthers et al., 2008; Torre and Chacar, 2012; Xia et al., 2009). More experienced DMNE (re)entrants, which have been internationalising for a long time, are therefore expected to also better understand and manage the differences that exist between their home markets and host (emerging) markets and that may subsequently threaten firm performance in the host market, such as below par enforcement of laws and regulations, planning oriented institutional frameworks and comparatively inactive capital markets (Brouthers et al., 2008; Xia et al., 2009). The crux of this research is that DMNEs would benefit in their foreign market (re-)entries from importing their superior firm-specific organisational practices acquired from past experience.

In turn, the early literature on EMNEs has emphasised that these firms tended to score lower on intangible resources such as technology, marketing and managerial skills or experience with international strategies compared to their American, European and Japanese counterparts (Lall, 1983). For scholars drawing on transaction cost theory rationales, in particular, EMNEs continue to be characterised as having resources that "*have traditionally not been considered to be the source of extraordinary rents as is the case, for instance, for technology or brand, which are argued to underpin a monopolistic firm-specific advantage*" (Madhok and Keyhani, 2012: 28; see also Ramamurti, 2012). The explanation for the foreign market entries of EMNEs remains predominantly that these firms exploit home location-specific advantages such as access to cheap capital, cheap labour and natural resources when entering foreign markets (Lessard and Lucea, 2009; Madhok and Keyhani, 2012). In turn, these resources cannot be seen as a source of long term competitive advantage since they are common to all firms originating from a given location. Overall, extant research is in agreement that EMNEs can be expected to possess location-specific advantages but not necessarily firm-specific resources that transform into advantages once EMNEs have engaged in foreign market (re-)entry.

A recurring line of inquiry has therefore been regarding what (if any) firm-specific resources EMNEs may be able to exploit abroad in the form of a competitive advantage given that they have relatively recently emerged as global players and are, consequently, expected to possess less knowledge of, and experience with, operating in international markets. Home country institutional environments are viewed as key determinants of firm resources and subsequently, market entry strategies for these firms (e.g., Brouthers et al., 2008; Buckley, Clegg, Cross, Liu, Voss and Zheng, 2007) which is why EMNEs' firm specific resources are believed to be different from those possessed by DMNEs. Many EMNEs tend to start their international expansion by leveraging linkages with DMNEs to achieve cost leadership and to exploit their home country advantages in low-cost production (Bonaglia, Goldstein and Mathews, 2007). Because EMNEs have primarily learned indirectly from institutional ties and networks as well as international joint venture arrangements facilitated by local governments, it may be difficult for them to distil the lessons learned and subsequently leverage this learning and experience particularly in developed markets in which such structures and mechanisms do not exist. Following this logic, EMNEs are expected to internationalise to acquire new resources that are not available at home.

Consequently, **the #first assumption** the literature makes is that, rather than learning from prior experience being a pre-requisite for (re-)entry, for EMNEs which do not possess firm-specific advantages such as new technologies, experience and knowledge, (re-)entry, particularly into developed markets, is an incentive to acquire them (Banerjee et al., 2015; Luo and Tung, 2007; Mathews, 2006).

3.2. Assumption #2: EMNEs skip stages in their internationalisation process and that's not right

Another key tenet in the IB literature is articulated in the stage models of international expansion (notably, Johanson and Vahlne, 1977) which propose an overarching framework to explain the process of foreign market entry. Firms are assumed to internationalise gradually, by first entering into host markets which share many similarities to their domestic markets. Over time, after accumulating more knowledge and experience with operating in foreign markets, MNEs are expected to venture into host markets that are more culturally and even institutionally distant from their home market (Casillas and Moreno-Menendez, 2014). In these studies, the assumed foreign market entry process is a gradual one and tends to start with DMNEs going into other developed host markets and only after learning how to operate internationally, these firms enter emerging markets characterised by institutional instability.

Following this well-established assumption, and since pioneering is probably not an option for most of EMNEs, particularly in developed host markets, EMNEs were expected to follow a gradual expansion process as they learned about foreign markets and benefited from being market followers. Contradicting these ideas is one of the key arguments of scholars proposing that EMNEs do not conform to mainstream IB theory (notably, Luo and Tung, 2007; Mathews, 2002; 2006). EMNE theories such as the springboard perspective (Luo and Tung, 2007) and the LLL (linkage, leverage and learning) framework (Mathews, 2002; 2006) focus on how EMNEs catch up with their developed market counterparts by skipping stages in the market entry process. Luo and Tung (2007) propose that EMNEs use foreign expansion as a springboard to acquire intangible assets that are unavailable in the domestic market such as superior technologies, critical knowledge and patents, and to gain access to customers. This has been particularly the case in industries which use globally standardised products and processes, which makes it easier for EMNEs to expand internationally and use their access to capital to take-over underperforming Western firms, upgrade production capabilities, increase their workforce and target a wider range of customers to continue to grow the business further (see also Popli and Sinha, 2014).

With regards to entry into other emerging host markets, EMNEs may, indeed, possess adversity advantages (Ramamurti and Singh, 2009) associated with functioning effectively in underdeveloped institutional environments because of their experience of operating in their domestic markets which are also characterised by underdeveloped institutions (Tan et al., 2007; Yang, Jiang, Kang and Ke, 2009). EMNEs can be expected to exploit this knowledge and experience and enter emerging host markets faster by not following the stage model approach (Yang et al., 2009).

Similarly, the LLL framework (Mathews, 2002; 2006) explains that EMNEs seek to augment their resources over time by at first gaining access to key resources, and leveraging those together with key capabilities such as rapid imitation and efficient followers to learn how to succeed globally (Ge and Ding, 2008; Mathews, 2002; 2006). This is also generally explained in the context of manufacturing MNEs which may start their international expansion by creating linkages with firms in developed markets and leverage those linkages to lower their production costs and achieve cost leadership; EMNEs may, later on, focus on activities upstream the value chain such as product innovation or marketing capabilities as sources of competitive advantage (Ge and Ding; Yeoh, 2011).

Hence, a **#second assumption** that both traditional theory proponents and some proponents of EMNE centric theories make is that the firm advantages which drive EMNEs to skip stages in their foreign market entry process are the EMNEs' large domestic presence and access to relatively cheap capital, and for the older EMNEs, their prior experience with previous foreign market entry strategies. In turn, factors such as strategic flexibility, exploratory learning and market orientation are not highlighted as relevant factors to be associated with the stages of EMNEs' foreign market (re-)entries.

3.3. Assumption 3: EMNEs entry strategies are driven by asset seeking motivations

Foreign market commitment, i.e. operation mode choices, have been one of the most studied topics in international business. The key tenet of this body of literature has been that firms with valuable firm-specific resources and capabilities tend to engage in foreign direct investment in order to protect those resources and capabilities from being copied by competitors (Buckley and Casson, 1976; Dunning, 1980). In turn, environmental uncertainty arising from entering underdeveloped markets tends to be associated with higher costs which would potentially reduce the initial benefits from (re-)entering markets through high commitment modes (Brouthers, 2002). As DMNEs started to enter more distant and emerging host markets, joint venture arrangements become the preferred form of entry enabling firms to gain access to local partner knowledge, whilst at the same time maintaining control over key assets through shared or majority ownership (Brouthers, 2002; Meyer, 2001). This literature concludes that DMNEs are driven by strategic goals and hence choices between equity and non-equity modes of entry, between shared and whole ownership or between acquisitions and greenfield entries are likely to depend on key drivers such as the resources and motivations of the DMNE, plans to expand further into the host country and extent of managerial capabilities (Brouthers, 2002; Demirbag et al., 2008).

In turn, the motivations associated with EMNEs' modes of entry have been presumed to be more homogenous and rather unsophisticated in nature. The modus operandi of an EMNE has been mostly linked to that firm's need to gain access to strategic resources required for strategic renewal and complex decision making rather than with the EMNE's own pre-existent firm-level attributes (Gubbi, Aulakh, Ray, Sarkar and Chittoor, 2010). This is particularly the case for acquisitions made by EMNEs where target firms are located in developed host markets where an advanced institutional environment carries the promise of higher quality resources (Gubbi et al., 2010) and thus, a low commitment mode of operation such as a sales agent or a sales subsidiary would not be sufficient to gain control of those resources. One explanation for why mode of operation is considered a lever for EMNEs to create value from foreign market entry has been that, since the tacit nature of resources and capabilities that EMNEs seek, such as managerial know-how, may not be easily acquired through market transactions, entries via equity commitment modes are expected to help EMNEs acquire complementary resources to overcome their competitive disadvantages (Gubbi et al., 2010; Luo and Tung, 2007) via asset enhancement (Kedia et al., 2012) and or asset acquisition (Lin, 2010). Relatedly, the market entries of EMNEs into developed host countries via acquisitions may facilitate internalisation of valuable intangible and strategic resources that can be used to overcome disadvantages in the domestic market where these firms also find themselves competing with powerful global players (Rui and Yip, 2008).

Further, the underlying assumption of EMNE entry mode literature has been that resource acquisition is the key determinant of entry mode strategies - that is, irrespective of the performance of the EMNE's operation in the host market. Aybar and Ficici (2009) and Chen and Young (2010) found a tendency for overpayment and engagement in high resource commitment modes such as international acquisitions particularly in the case of Chinese MNEs which was subsequently followed by a decrease in the market value of the target company in the host market. Hope et al. (2011) explained that, due to lower cost of capital received from home governments, EMNEs increase the price offered to target firms in developed host markets irrespective of own prior performance or that of other firms operating in those markets in order to gain access to resources that were not available in their home environments. EMNEs are therefore expected to be undeterred by poor performance of their target firms located in developed host markets. Scholars highlight the differences between market seeking behaviour that generally characterises DMNEs and the asset seeking behaviour of EMNEs (Gubbi et al., 2010).

Thus, a **#third assumption** about EMNEs made in the literature is that EMNEs expand internationally through high commitment modes of operation such as mergers and acquisitions, in this way, gaining access to valuable intangible resources and skipping stages in the market (re-)entry process (e.g., Gubbi et al., 2010; Hope, Thomas and Vyas, 2011; Kedia et al., 2012).

4. METHODOLOGY

4.1. Data sample and data collection

Following previous studies (see Surdu et al., 2018b) we used business information and research databases, namely Factiva (Dow Jones) and LexisNexis (Reed Elsevier) to collect data on foreign market re-entry events. Operationalising foreign market exit and re-entry is not possible by using an existing database of foreign market entry events since previous empirical research based on survey data has treated re-entrants as new entrants given that they have not identified this sub-category in their databases (Bonaccorsi, 1992; see also Welch and Welch, 2009). Unless the researcher asks respondents specifically whether they have exited and subsequently re-entered a given host market (Yayla et al., 2018), re-entry data will not be obtained. Data searches in Factiva and LexisNexis can be conducted by region, subject, industry, time frame and company metadata. We used key words to search for data regarding events of re-entry without restricting our search based on home country, host country, time of exit or industry. We did, however, restrict the time of re-entry to 2000 onwards. This is aligned with the objective of the paper which is to compare and contrast the foreign market re-entry characteristics and strategies of DMNEs and EMNEs, with EMNEs having become international mostly starting with the 2000s (UNCTAD, 2017).

The basic criteria for an MNE to be included in our sample is reflected in the definition of re-entry provided by Welch and Welch (2009:568) who define re-entry as 'a process involving a period of international business activity, then exit from international operations, followed by a time-out period of some duration, then a process of international re-entry, concluding with successfully renewed international operations'. We used the following keywords in our searches, namely: ‘re-entry’/ ‘re-enter’ / ‘return to’ / ‘back in’ / 're-internat*' AND ‘market’. This resulted in 172,000 business news articles which were accessed in pdf format and scanned to identify the events that are in line with our definition of re-entry. After further eliminating duplicates and articles that did not refer to re-entry into a previously exited market, we were left with 2,280 articles corresponding to 1,031 re-entry events.

The observation period starts in 2000 and ends in 2016 and includes 786 re-entries. The distribution of the data across industry sectors is similar for DMNE and EMNE re-entrants. Other characteristics of the sample vis-à-vis key dimensions of the data are shown in *Table 1* below.

4.2. Data coding

Our coding scheme is theory driven (Gaur and Kumar, 2018), which is reflected in the deductive approach to content analysis undertaken in this study, whereby we use the antecedents and strategies examined within initial market entry and exit to inform a body of knowledge on *re*-entry (Appendix 1).

Table 1. Sample characteristics

Top Home countries		**Top Host countries**	
DMs (Total = 665)	**EMs (Total = 121)**	**EMs (Total = 269)**	**DMs (Total = 517)**
U.S. (197)	South Korea (23)	India (130)	U.S. (52)
UK (84)	India (22)	China (58)	UK (43)
Japan (76)	China (17)	Brazil (30)	Japan (33)
Italy (44)	South Africa (12)	Myanmar (22)	Australia (29)

Germany (38)			Taiwan (11)			South Africa (21)		Germany (13)	
France (33)			Malaysia (8)			Thailand (19)		Singapore (12)	
Switzerland (29)			Iran (6)			Russia (19)		New Zealand (11)	
TIME-OUT									
1-2 years				**3-5 years**				**over 5 years**	
DMNEs		**EMNEs**		**DMNEs**		**EMNEs**		**DMNEs**	**EMNEs**
(181)		(28)		(173)		(37)		(311)	(56)
Mode of operation at re-entry									
Exports		**Non-equity alliances**		**JVs**		**WOSs**			
DMNEs	**EMNEs**	**DMNEs**	**EMNEs**	**DMNEs**	**EMNEs**	**DMNEs**	**EMNEs**		
(235)	(54)	(128)	(18)	(119)	(18)	(174)	(30)		

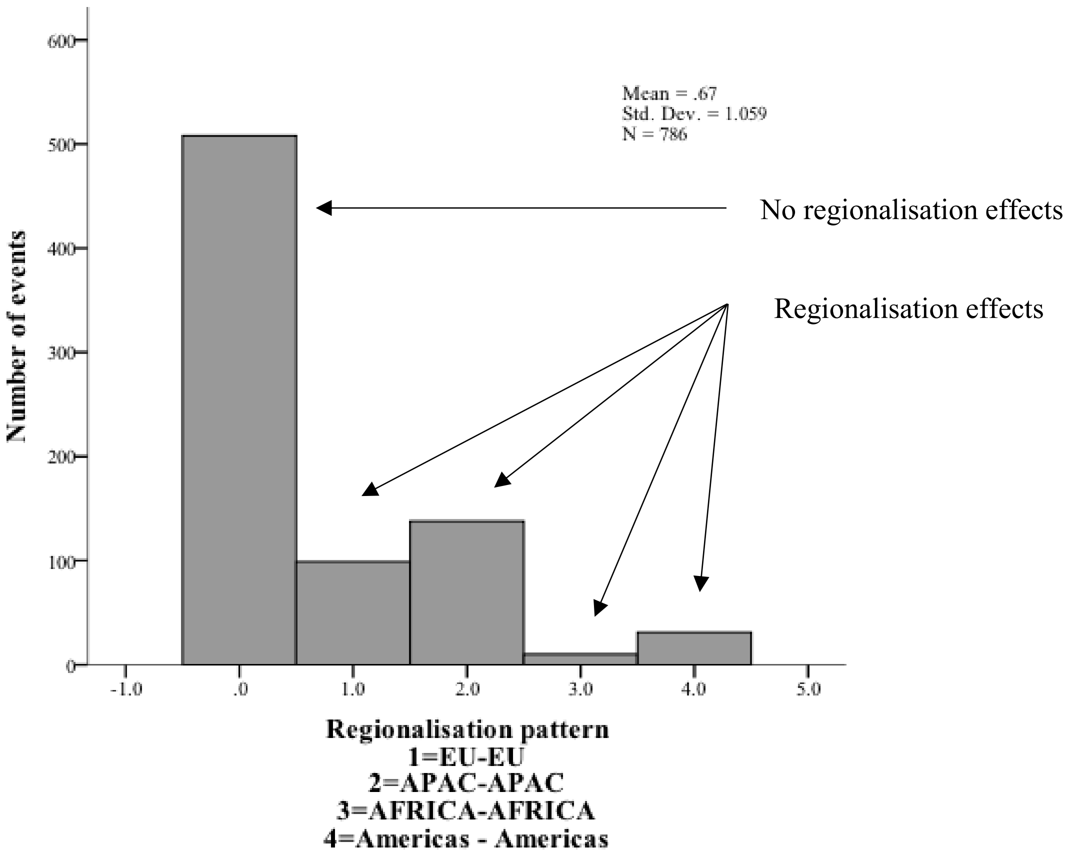

Figure 2. Unpacking regionalisation effects amongst re-entrants

Given the diversity of home and host markets observed, we examined regionalisation patterns between countries within the European Union, North America, Latin America, Asia, Australia and New Zealand and Africa. Indeed, the results suggest a regionalisation effect (Rugman and Verbeke, 2001) can be observed amongst re-entrant MNEs. As illustrated in *Figure 2*, MNEs from Asia tend to re-enter other Asian host markets, whereas European firms also display a strong regional effect reflected in the tendency to re-enter other European markets. Interestingly, there is a regionalisation effect in the context of re-entry also, much like the empirical evidence provided on *de novo* or initial market entries.

4.3. Variables

4.3.1. Dependent variables

The dependent variable represents the different combinations of home and host market locations, classified in terms of their level of economic and institutional development. FTSE Russell Index was used for an objective and consistent classification of home and host countries; the FTSE index provides a classification of 'developed' and 'emerging' markets using a widely-accepted range of criteria developed by working closely with institutional investors. The four combinations of home-host locations (i.e. 'DMNE into DM', 'DMNE into EM, 'EMNE into DM', 'EMNE into EM') were then computed for four separate dichotomous variables. For instance, 'DMNE into DM' measured whether the re-entrant was a developed market firm re-entering a developed host market, whilst the variable "EMNE into EM' represents an emerging market firm re-entering an emerging host market and so on.

4.3.2. Independent variables

Firm characteristics: Size, age, experience types

Firm size is measured as total number of assets (Delios and Henisz, 2003), with a logarithm transformation at t-1 re-entry. Firm age is measured as the number of years (Zhou and Wu, 2014) from foundation until t-1 re-entry. Host experiential knowledge is measured as the number of years the firm operated in the host market between initial entry and exit. We measured for other experience related factors (Luo and Peng, 1999; Brouthers et al., 2008). The total number of international countries entered since inception was measured (general experience diversity) as was the total number of international countries within the host region entered since inception (host experience diversity), both calculated at t-1 re-entry. General experience intensity (total number of years of internationalisation) and host experience intensity (total number of years in the host region) were also calculated at t-1 re-entry.

Foreign market re-entry characteristics

Mode of operation prior to exit and at re-entry. Similar to other studies (Benito, Pedersen and Petersen, 1999), commitment is associated with the degree of equity owned in the host market. We measured the level of commitment in which the firm was operating in the market prior to exiting and at re-entry. Commitment represents the difference (if any) in the firm's mode of (operation) commitment in the host market prior to exit and the mode of re-entry. We also measure the type of changes, i.e. Commitment Increase and Decrease respectively, where the variable takes the value of '0' if there are no changes in commitment and '1' if firms increase (decrease) commitment. The level of resource commitment is lowest in the case of entry modes such as exports and greatest in the case of wholly owned entries.

Exit motives. We used Factiva and LexisNexis to identify why re-entrants had exited the market and used previous classifications of exit motivations (e.g., Benito and Welch, 1997; Benito, 2005). We identified three main causes for strategic exit in our sample: (i) changes in management leading to new management no longer interested in pursuing expansion into the host market; (ii) re-allocation of resources to other markets due to attempts to make the organisation more efficient; and (iii) reduction in international diversification to increase product diversification; this resulted in three dummy exit variables: 'Exit due to poor performance' (0;1), 'Strategic exit' (0;1) and 'Involuntary exit' (0;1).

Market re-entry motives. Motives for re-entry were also coded from Factiva and LexisNexis and categorised into 'Changes in strategy' (i.e. re-entry involves changes in product, positioning, distribution and or pricing strategies), 'Strategic intent' (i.e. the re-entrant uses the host market as a step to further expansion into the host region) and 'Changes in external (institutional) environment' (i.e. host governments provide incentives for MNEs to return).

Time-out. The speed of re-entry can be measured as the period of time between two well-observed events namely the event of exit and the event of re-entry. Previously, this has been referred to as the time-out period (Surdu et al., 2018b; Welch and Welch, 2009). *Initial entry year*, *exit year* and *re-entry year* refer to when the firm first entered the market, when it exited and when it returned to that market.

4.4. Data analysis and results

We used statistical tests (independent t-tests, chi-square tests) followed by data content analysis to understand the differences (if any) between DMNEs and EMNEs by also looking at the host markets re-entered, i.e. developed host markets (DMs) versus emerging host markets (EMs). To test the assumption that DMNEs and EMNEs were associated with statistically significant different means for firm-specific resources (age, firm size, types of experience) and re-entry timing decisions (TIME-OUT), an independent samples t-test was performed. In *Table 2* below, we compared DMNEs with EMNEs.

Table 2. EMNEs versus DMNEs re-entrants:
Firm characteristics, experience and TIME-OUT

	F	t	df	95% Confidence Interval of the Difference	
				Lower	Upper
Age at re-entry /DMNEs vs. EMNEs	6.82	6.16 ***	182	20.14	39.10
Firm size at re-entry / DMNEs vs. EMNEs	0.45	5.75 ***	780	0.54	1.10
General experience diversity / DMNEs vs. EMNEs	24.13	6.62 ***	191	21.22	39.24
Host experience diversity / DMNEs vs. EMNEs	4.13	1.64 +	137	-0.31	3.32
General experience intensity / DMNEs vs. EMNEs	11.54	5.65	179	12.33	25.58
Host experience intensity / DMNEs vs. EMNEs	13.43	5.07 ***	187	8.41	19.10
Host experiential knowledge / DMNEs vs. EMNEs	7.82	2.96 **	205	1.66	8.28
TIME-OUT / DMNEs vs. EMNEs	0.95	0.487	757	-1.42	2.37

The independent samples t-test was associated with a statistical significant effect for firm age ($t(182)=6.16$, $p<0.001$), firm size ($t(780)=5.75$, $p<0.001$), general experience diversity ($t(191)=6.62$, $p<0.001$), host experience intensity ($t(187)=5.07$, $p<0.001$) and host experiential knowledge ($t(205)=2.96$, $p<0.01$). Unsurprisingly, DMNEs are associated with a statistically significantly larger mean for age, size and experience compared to EMNEs. We did not, however, find a statistically significant difference between the timing decisions of DMNEs and EMNEs; i.e. $t(757)=0.487$, $p>0.05$.

In *Tables 3* and *4*, independent sample t-tests are used to understand whether there are statistically significant differences between DMNEs and EMNEs re-entering DMs (*Table 3*) and DMNEs and EMNEs re-entering EMs (*Table 4*). This further analysis revealed that the differences identified in the characteristics and re-entry timing decisions of DMNEs and EMNEs are related to re-entry into EMs, whilst re-entrants into DMs only display some marginally significant differences regarding firm age ($t(49)=1.55$, $p<0.10$). Overall, results suggest that DMNE re-entrants tend to be older, larger, and possess more experience with operating in foreign markets, but this is generally for firms re-entering emerging market environments. EMNEs were not found to skip stages in their re-entry process, nor were they left behind DMNEs due to the former not possessing firm-specific advantages. Overall, DMNEs and EMNEs are much more similar in their firm-specific characteristics and resources.

Table 3. DMNEs versus EMNEs re-entrants into 'EMERGING' host markets: Firm characteristics, experience and TIME-OUT

	F	t	df	95% Confidence Interval of the Difference	
				Lower	Upper
Age at re-entry / DMNEs vs. EMNEs	3.06	5.40 ***	119	20.76	46.56
Firm size at re-entry / DMNEs vs. EMNEs	0.06	6.22	512	0.75	1.44
General experience diversity / DMNEs vs. EMNEs	32.77	9.20 ***	165	35.36	54.68
Host experience diversity / DMNEs vs. EMNEs	0.79	1.92	483	-0.04	3.87
General experience intensity / DMNEs vs. EMNEs	6.64	5.05 ***	501	14.81	33.69
Host experience intensity / DMNEs vs. EMNEs	12.29	4.16 ***	492	8.81	24.56
Host country specific experience / DMNEs vs. EMNEs	9.39	2.39 **	491	1.07	10.97
TIME-OUT / DMNEs vs. EMNEs	1.40	0.75	115	-1.50	3.33

Chi-square analyses were conducted to understand the relationship between being a DMNE/EMNE re-entrant and re-entry commitment choices (*Table 5*), market exit motives (*Table 6*) and market re-entry motives (*Table 7*). As per our previous analysis, we looked at DMNEs and EMNEs broadly, after which we isolated and compared across re-entries into DMs and EMs. Contrary to previous research, we found only marginally significant statistical differences between DMNEs and EMNEs in terms of their operation mode commitment choices. For instance, a marginally significant relationship was found between DMNEs and EMNEs re-entering DMs (*Table 5*, commitment decrease: X^2=2.773, p=0.096). EMNEs re-entering DMs tend not to decrease commitment compared to their developed market counterparts. Neither do these firms engage in commitment increase more so than their developed market re-entrant counterparts, which is contrary to previous literature which emphasised the asset-seeking motivations of EMNEs as a key driver of foreign market (re-)entry commitment. Results of the chi-square analysis reveal that DMNEs and EMNEs display some differences in terms of their motives to exit and re-enter, but almost entirely when those stimuli relate to changes in th external (institutional) environment of the firm. We found statistically significant relationships between DMNEs' re-entry into DMs and EMNEs' re-entry into DMs for involuntary exit (see *Table 6*: X^2=9.798, p=0.002); and between DMNEs' and EMNEs' re-entry into EMs, also when market exit was classed as involuntary (see *Table 6*: X^2=3.992, p=0.046).

Table 4. DMNEs versus EMNEs re-entrants into 'DEVELOPED' host markets: Firm characteristics, experience and TIME-OUT

	F	t	df	95% Confidence Interval of the Difference	
				Lower	Upper
Age at re-entry /EMNEs vs. DMNEs	0.06	1.55 +	49	-4.38	33.91
Firm size at re-entry /EMNEs vs. DMNEs	0.87	0.99	57	-0.23	0.66
General experience diversity /EMNEs vs. DMNEs	0.04	0.02	46	-18.62	19.00
Host experience diversity /EMNEs vs. DMNEs	6.45	0.45	39	-2.83	4.47
General experience intensity /EMNEs vs. DMNEs	1.92	1.39	58	-3.21	17.92
Host experience intensity /EMNEs vs. DMNEs	0.76	1.37	57	-3.00	16.07
Host country specific experience /EMNEs vs. DMNEs	0.27	0.60	63	-4.36	8.13
TIME-OUT /EMNEs vs. DMNEs	1.17	-0.77	44	-4.01	1.79

With regards to re-entry motives (see *Table 7* below), perhaps the most interesting result here is that we did not find statistically significant relationships between EMNEs and DMNEs in terms of whether or not these firms change their strategy at re-entry as a result of previous unsatisfactory performance in the host market. We also found weak differences in terms of whether or not re-entry was decided due to the MNE's strategic intent to use the host market as a platform for further internationalisation. For DMNEs, given the saturation of their home markets, these firms may pursue strategic intents of a global orientation by entering or *re*-entering a foreign market to use it as a springboard for subsequent internationalisation in the host region (Cui and Jiang, 2009; Javalgi et al., 2011). Strategically important markets (that warrant the risks and uncertainties associated with re-entry) are often seen as platforms to subsequently (re-)enter other foreign countries within the host region, particularly for DMNEs (Cui and Jiang, 2009). DMNE and EMNE re-entrants may be different in whether and how they respond to changes in the conditions of their institutional environments, but they are more similar in their strategising into exited markets.

Table 5. Re-entry commitment choices of DMNEs versus EMNEs

	Changes in commitment				Commitment increase				Commitment decrease			
	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.
DMNE	440	199	1.544	0.214	335	93	0.006	0.936	250	106	2.079	0.149
EMNE	88	30	0.045		74	21	-0.004		37	9	0.072	
DMNE into DM	148	72	5.065	**0.024**	105	27	1.491	0.222	78	45	2.773	**0.096**
EMNE into DM	34	6	-0.140		31	4	-0.094		12	2	-0.142	
DMNE into EM	291	127	-	-	230	66	1.017	0.313	171	61	0.391	0.532
EMNE into EM	55	24	-		43	17	0.053		26	7	-0.038	

Table 6. Market exit motives of DMNEs versus EMNEs

	Exit due to poor performance				Strategic exit				Involuntary exit			
	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.
DMNE	182	483	2.708	**0.100**	595	70	1.755	0.185	559	106	9.032	**0.003**
EMNE	42	79	0.059		113	8	0.047		88	33	-0.107	
DMNE into DM	46	184	3.118	**0.077**	201	29	0.851	0.356	214	16	9.798	**0.002**
EMNE into DM	13	27	-0.107		37	3	-0.056		31	9	0.190	
DMNE into EM	135	299	0.952	0.329	393	41	0.953	0.329	345	89	3.992	**0.046**
EMNE into EM	30	52	-0.043		77	5	-0.043		57	25	0.088	

Table 7. Market re-entry motives of DMNEs versus EMNEs

	Changes in market strategy				Strategic intent				Changes in external (institutional) environment			
	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.	0	1	Chi^2 Phi	sig.
DMNE	310	355	1.617	0.204	291	374	0.465	0.495	554	111	3.701	**0.054**
EMNE	64	57	0.045		57	64	0.024		92	29	-0.069	
DMNE into DM	84	146	1.042	0.307	111	119	2.764	**0.096**	215	15	10.741	**0.001**
EMNE into DM	18	22	-0.062		25	15	-0.101		31	9	0.199	
DMNE into EM	225	209	0.829	0.363	179	255	0.029	0.866	339	95	0.548	0.459
EMNE into EM	47	35	-0.040		33	49	0.007		61	21	0.033	

6. DISCUSSION

6.1. Challenging Assumption #1

Indeed, EMNEs possess less experience resources than DMNEs, particularly when looking at re-entries into emerging markets. Yet - contrary to research purporting that EMNEs tend to expand internationally primarily to attain firm-specific resources that they do not possess, our study shows that re-entrant EMNEs are driven by market seeking motivations both when they exit and when they re-enter. In this context, re-entry involves changes in strategy as the firm gains more resources and or knowledge of how to operate in the market. After exiting the Indian market in 2001, Chinese consumer electronics company, TCL Group gained access to cheap capital which has, in part, financed their foreign market re-entry enabling the company to re-enter only four years after having exited. Sun Pharmaceutical (India) also used cheap capital and re-entered the U.S. market within two years after involuntarily exiting, in order to acquire resources that the company did not possess and which would have taken significantly longer to attain, such as licenses to circumvent local regulation. Whereas Efes Beverage Group, a Turkish based beverage company, used their access to domestic capital to restructure their business and reinvest in core areas such as beer production to re-enter the beer market in Ukraine only two years after exiting. The question here becomes: Should this be disregarded as a valuable competitive advantage since scholars (Madhok and Keyhani, 2012) have argued in the past that that access to cheap capital in the domestic market is not a real source of competitive advantage in the long term? Or should this be considered a source of advantage if, using this capital, the EMNE accesses new resources and or organises existing ones that enable re-entry into a previously exited market?

Generally, producing at a low cost has been considered not to be a real source of competitive advantage (Madhok and Keyhani, 2012). This is a rather simplistic view since low-cost production capabilities and know-how in adapting products and services to foreign markets are not mutually exclusive in the context of re-entrants. For instance, Haier Group's (China) successful re-entry into the UK market in 2009-, three years after having exited the market due to poor sales-, was associated with Haier changing its positioning strategy to become a more reliable cost-effective alternative to other typically Western white goods companies. This is related to reversing the damage caused by their previous experience of operating in the UK when poor fulfilment of warranties, service and backup issues resulted in a break in their joint partnership and an early exit. Other notable examples of EMNE re-entrants with a deep understanding of consumer needs include Corp. Semiconductors (China), which re-entered the Japanese market in 2013 after having increased the amount of activities outsourced in order to be able to produce at lower prices and invest the remaining resources in a local distribution network; this decision was made after previously not being able to achieve significant scale in product sales. Similarly, Russian based automotive company Gaz Group failed to capture a large share of the Turkish market due to poor sales and increased competition; the company re-entered in 2012 to produce and sell a line of light trucks which they redesigned to become "15 to 20 percent" less expensive than the equivalent products of their Europe-based counterparts. We propose that, the assumption that EMNEs do not possess firm specific advantages ex-ante does not necessarily apply to re-entrants. The differences between DMNEs and may, to a great extent, reflect simply the age of these firms rather than their country of origin (Hernandez and Guillen, 2018; Ramamurti, 2009).

Some EMNE re-entrants have, however, firm-specific resources which enable them to become strategically flexible and develop new re-entry strategies that reverse the difficulties encountered during the initial market foray. In 2003, Magic Software Enterprises (Israel) re-entered India after a gap of two years which they used to develop a pricing strategy suitable for the host market; the main software product the company entered the market with initially remained priced too highly for the Indian user, and the availability of resellers continued to be reduced. To re-enter and enhance their market presence, the company hired solutions providers who became responsible for recruiting local value-added resellers to provide the direct and all-inclusive support that the customers requested. Acer's relatively recent re-entry into India (2012) reflects that company's decision to change their target customer focus by re-entering the mid-market smartphone segment the second time around and at a lower price point. These examples confirm that EMNEs are less rigid in the decisions made as they are able to draw from past experiences, collect foreign market information and re-enter with new and improved strategies.

What is more, changes in strategy resulting from exit due to unsatisfactory performance, are implemented to re-entries into both emerging and developed host markets. Bata, the Czech retailer, re-entered the UK market in 2008 with the main goal of offering "the right product at the right price" given the poor sales performance experienced during their initial entry. China's TechFaith re-entered the Japanese market in 2011 and, while the company had initially targeted a mass market with their handsets, upon re-entry, they decided to focus on offering enterprise solutions with tailored software for specific industries. Acer Inc. re-entered the PC market in China (2002) and later the U.S. (2003) to compete with local market players which commercialised more technologically advanced products. The company brought their highest level of technology in China to tap into the anticipated market growth and compete with local players. In the U.S., Acer's main challenge was finding distribution partners as reliable as those of competitors such as Dell Corp. or Hewlett-Packard Co., which is why they brought on board the CEO who had launched their products successfully in Europe, and who would be responsible to lead the U.S. re-entry and identify the right distribution partnerships. EMNEs may not have a good understanding of how to perform in the market the first time around, but are strategically flexible and thus, they are able to exit and re-enter with new strategies ranging from changes to their pricing and marketing strategies, changes to the range of products offered or size of market targeted.

Proposition 1: EMNE re-entrants are, in fact, market seeking re-entrants. EMNE re-entrants possess non-location specific capabilities that enable them to be strategically flexible and amend their previous mistakes upon re-entry into the previously exited market. DMNE and EMNE re-entrants are more similar than not, because the advantages that they need to re-enter such as market specific experience, learning from the mistakes associated with exit and strategic flexibility to change their strategies, both types of firms appear to already possess.

6.2. Challenging Assumption #2

A disruption in organisational learning and routines such as one caused after an organisational change event (which in this case, may be the exit process) has been associated with potential loss of competencies and disrupted ties with the environment and relevant stakeholders within it (Amburgey, Kelly and Barnett, 1993; March, 1991). Therefore, (DMNE and EMNE) re-entrants' ability to utilise the knowledge and experience advantages gained in the market prior to exit may depend on the time spent out the host market and their ability to dissect previous knowledge and experience and learn. In turn, the longer the time-out period, the less likely it may be for re-entrants to access the knowledge and experience acquired in the past and which may have, to some degree, now dissipated. Further, conditions in the environment of the MNE may have improved during the time-out period, enabling re-entrants to re-enter irrespective of whether they are from developed or emerging markets (Welch and Welch, 2009)). Alternatively, unfavourable changes in the host environment paired with unsatisfactory performance during the initial market foray can negatively influence perceptions of risk and uncertainty delaying the (re-)entries of both DMNE and EMNE firms. This suggests that re-entrants are required to balance the exploitation of existing knowledge with an exploration of new knowledge to re-enter.

Given that developed host markets are more stable, we propose that for re-entrant DMNEs and EMNEs, returning to developed markets may mean that less time is necessary to unlearn pre-established routines or adapt to changes that may have occurred in the host environment. For instance, in the automotive industry, Tesla Motors (U.S.) re-entered the Australian market with a new product only two years after exiting due to poor sales; Iveco Spa. (Italy) re-entered New Zealand three years after exiting shifting from an assembly plant to a wholly owned subsidiary to have more control of their operations in the market; Cadillac (U.S.) re-entered the European market one year after exiting to search for a new distribution partner. With regards to EMNEs, a similar behaviour can be observed; for instance, Tata Motors (India) re-entered the UK market in 2007 with a new product line, only two years after their assembly partner, Rover, had been declared bankrupt. Mahindra and Mahindra (India) decided to abandon the U.S. market in 2013 after being met with opposition due to failing to procure the necessary certifications for some of their models which were still mainly produced in India, and re-entered in

2015 by shifting some of its product development to the U.S. market. Even so, we posit that, to successfully re-enter a previously exited foreign market, both DMNE and EMNE re-entrants need to engage simultaneously in knowledge exploitation and knowledge exploration in both DMs and EMs.

Re-entrants may also (re-)enter emerging market environments that may have undergone a series of institutional transitions during the time-out period, yet this may also mean that some of the intangible resources lost upon exit (i.e. business relationships, distribution partnerships) may be harder to recover in institutionally idiosyncratic environments than they would be when returning to developed host markets. This is the case for both EMNE re-entrants (who possess experience of operating in such institutional contexts) and DMNE re-entrants (who may have acquired experience over time due to having been internationalising for longer). Aptech Ltd. (India) took six years to re-enter Bangladesh and Sri Lanka with their IT training services after having exited due to decrease in demand, poor relationships with franchise partners and economic turmoil; re-entry occurred when the host countries were characterised by increased economic stability and when there was increasing demand for technology training to replicate the success of other emerging markets such as India. Food retailers such as Carrefour (France), Britannia Industries (India), Api Co. (Japan) and Grupo Bimbo (Mexico) waited up to 16 years to re-enter emerging host markets. These companies registered poor sales due to dependence on local partners who did not meet their contractual commitments, sanctions being imposed on their operations, lack of market intermediaries to understand consumer tastes and so on. Re-entries tended to occur when the host environment become more stable, when re-entrants could opt for higher level of control over their host market operations and when more information was available about local customers. More time was needed to learn new behaviours that are more appropriate for these markets including adapting products to consumer needs and learning to manage institutional actors.

Proposition 2: There are no significant differences in the re-entry timing of DMNEs and EMNEs. In turn, we posit that the speed of re-entry is a strategic choice in response to potential changes in the host environment of the firm and the motivations for the exit and it is unlikely to differ significantly according to whether re-entrant firms are DMNEs or EMNEs.

6.3. Challenging Assumption #3

Firms may have exited because they possessed little knowledge of how to operate in the market compared to competitors and consequently, may choose not to re-invest significant resources there. On the other hand, re-entrants may wish to attain more control over their foreign operations and opt to escalate commitment upon re-entry, as it often the case with firms changing their mode of operation following initial entry often in response to emerging host market opportunities, i.e. from joint ventures to wholly owned subsidiaries. Firms which do not suffer from core rigidities - such as a history of operating in certain markets, or a reputation for stable and secure investments - change their behaviour over time, and this is particularly the case for re-entrants which may be influenced by their previous experiences in choosing their re-entry commitment mode. EMNE re-entrants may also behave strategically by choosing to reduce the risk and uncertainties associated with high competition and or weaker institutional environments and alter their re-entry commitment. These firms create options for themselves by opting to increase, decrease commitment or re-enter via the same mode.

Over time, the organisational memory associated with a specific routine may have eroded and re-entrants may pursue the same strategy differently, such as opting for a joint equity investment mode rather than re-entering through a wholly owned operation (Surdu et al., 2018b). New learning that may occur in the time-out period is not necessarily suggested to override old learning but to contribute to some changes in re-entrants' behaviour as not all prior learning and experience are necessarily preserved within organisational routines and behaviours over time. This may be partly because transferring routines and knowledge may be harder than starting over); firms may unlearn some routines when they re-enter a previously exited market, particularly when a longer time passes between market exit and market re-entry. Re-entry commitment are strategic decisions made based on the time between exit and re-entry and the motives for exit (Surdu et al., 2018b; Welch and Welch, 2009). These are the same factors influencing DMNEs and EMNEs and may not necessarily be related to the nature of the firm but the nature of the experience of those firms.

Here also, we argue that the motivations behind the re-entry strategies of EMNEs are not so different to those of DMNEs and are not merely linked to resource acquisition. The capabilities needed to learn from prior mistakes and choose a more appropriate mode of re-entry are not necessarily attained through acquisitions. In fact, for firms whose previous modes of operation have previously underperformed, re-entry may occur through a different mode of commitment. Such considerations led Russian telecom operator, MTS, to re-enter Uzbekistan via a joint venture partnership, after having divested their own subsidiary in the country and exited the market. Similarly, Prakit Holdings (Thailand) re-entered Myanmar with their business support services, by decreasing commitment from a wholly owned mode of operation at the time of exit to a joint venture at the time of re-entry. Hence, wholly owned entries are not the only manner in which firms can solve complex strategic problems, nor are they the only viable source of exploratory learning. These examples, in particular, serve to illustrate that EMNE re-entrants are more focused in taking advantage of opportunities by re-entering via a mode of operation that is most appropriate at the time of re-entry rather than taking advantage of their core capabilities (which could be argued to be access to capital and so on).

In turn, we expect that the re-entry mode strategies of EMNEs (much like what has been written about their developed market counterparts) reflect the re-entrant's intention to learn from the mistakes that led to their initial failure in the market (Surdu, Mellahi and Glaister, 2018b). Thus, EMNE re-entrants engage in their own exploratory learning and have internal strategic capabilities that do not necessarily originate from majority ownerships of strategic assets through acquisitions. This goes against the often taken-for-granted rationale that EMNEs are merely driven by home government incentives or the need to acquire assets without strategically designing successful host market strategies.

Proposition 3: EMNE (re-)entrants seek to learn about the host markets that they have once exited by engaging in exploratory learning. This learning may lead to firms altering their commitment in the market or re-entering via the same modes if exit was not related to that mode of commitment. This results in both DMNEs and EMNEs using a combination of modes of operation.

7. IMPLICATIONS AND FUTURE RESEARCH

Extant literature has focused generally on whether differences between DMNEs and EMNEs exist and not on what drives the internationalisation decisions of DMNEs and EMNEs. This study compares and explores the firm-specific characteristics and re-entry strategies of DMNE and EMNE re-entrants. Foreign market re-entry is a viable decision for both DMNEs and EMNEs, and, contrary to previous research, this study found both differences but mostly similarities in their re-entry determinants and subsequent re-entry decisions. Although much remains to be discussed particularly concerning the re-entry behaviour of EMNEs, some interesting findings exist.

First, whilst previous studies underscore the many differences between DMNEs' and EMNEs' *de novo* entry motivations and strategic decisions, this study found some differences, but mostly similarities between DMNE and EMNE *re*-entrants. These similarities are even more evident when DMNEs and EMNEs re-enter developed host market environments, characterised by institutional stability and perhaps leading to more homogeneity in strategic motivations. As previously suggested (Buckley et al., 2012; Pan et al., 2014), DMNEs re-entering emerging markets tend to have more experience than DMNEs re-entering developed markets as well as compared to EMNE re-entrants as the latter have arrived later to the internationalisation game and have, unsurprisingly, not accumulated general international experience from which to draw learning from. For EMNE re-entrants which possess international experience, this experience is most likely associated with the host markets re-entered which, indeed tend to be within EMNE re-entrants' home regions (Rugman et al., 2014).

Second, re-entering a market previously exited increases the risks associated with that market, particularly in developed and potentially saturated host markets where there is less potential for growth and further market expansion. EMNEs may be known to enter foreign markets to attain resources and capabilities (Holburn and Zelner, 2010); yet, re-entry may mean that once some of those resources and capabilities are attained firms tend to become more risk-averse and less willing to further increase commitment into the market. Also interesting is that the results in this study do not broadly corroborate previous research stating that the acquisition of superior resources such as knowledge is cited as the key motive for foreign expansion of EMNEs as they enter foreign markets via acquisition strategies (e.g., Aybar and Ficici, 2009; Buckley et al., 2012; Buckley et al., 2014). Based on our findings, both DMNE and EMNE re-entrants use a collection of equity and non-equity modes of operation in foreign markets (licensing, franchising), whilst the ratio of joint equity to wholly owned commitment choices varies slightly depending on the home/host markets. Whilst acquisitions and greenfield operations have been suggested as the best routes to access resources in host markets, one must consider that, in practice, not all EMNEs have strong government (financial) support or even host region experience (Ge and Ding, 2008). Some firms are also not part of large business groups and may not be highly successful in the domestic market in order to afford to engage in cross-border acquisitions. For re-entrants, the mode of operation chosen will reflect their strategic goals to serve the host market at re-entry and the nature of the exit experience manifested in the motives for the exit. This, in turn, means that, it may be more appropriate by controlling the operations through wholly owned re-entries, sharing the risk with a knowledgeable local partner or engaging in franchising relationships.

Naturally, we recognise that EMNEs' motivations are more heterogeneous than previously expected, particularly when further distinguishing between re-entry into developed and emerging host markets. Despite similarities and synchronisations in how the economies of emerging markets have opened up to foreign investments, not all EMNEs' foreign investment strategies and trajectories are the same (Hitt et al., 2004). Re-entrants' responses to home institutional transitions may differ amongst EMNEs from different countries and subsequently may influence their re-entry motives and strategic choices. Although emerging economies share several common features, they are institutionally heterogeneous and therefore one size may not fit all EMNEs.

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Appendix 1: Data coding

We started the coding process with the following codes to analyse the data collected from the business news reports: (1) name of the firm; (2) industry; (3) home country; (4) host country; (5) year of initial entry; (6) year of exit[1]; (7) year of re-entry[2]; (8) mode of operation at exit/re-entry[3]; (9) motives for the exit; and (10) motives for the re-entry.

Re-entry events were compiled from interviews with key managers, CEOs and industry analysts conducted by journalists around the time of market exit and around the time of re-entry. These reports tended to contain data regarding the specific years in which the firm initially entered, exited and re-entered the market, as well as qualitative information, such as the motivations of a firm to exit and subsequently re-enter and the mode in which the firm was operating in the market during initial entry.

We used previous classifications to distinguish between operation modes and we made no exclusions to the operation modes selected, namely: (i) exports; (ii) non-equity alliances (franchising, licensing); (iii) joint ventures; and (iv) wholly owned subsidiaries. To codify the motives for exit, we also used widely accepted classifications of exit motives (Benito and Welch, 1997; Benito, 2005). Previous classifications of market exit agree that exit can be seen as (i) voluntary, i.e. the firm chooses to abandon the market itself and (ii) involuntary, i.e. the firm is pressured by local governments to exit. Each author used these codes in the 100-events pilot test. The content analysis from Factiva/LexisNexis was supplemented with information collected about firm-specific resource characteristics, such as firm size, firm age, general as well as host market-specific internationalisation experience (Sources: Annual reports/Company history).

[1] (6), (5) We used this data to calculate our 'Host experiential knowledge' variable.
[2] (7), (6) We used this data to calculate the 'Time-out'.
[3] (8) We used this data to calculate 'Changes in commitment' (operation mode) between exit and re-entry.