

**Time to return: When and why past success and failure experience matter
in foreign market re-entry?**

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Extended Abstract

In this study we examine the determinants of the foreign market re-entry decision. Research on the behavioral theory of the firm (BOTF) has shown that performance, and its relative aspiration level are important input for firms to consider their degree of internationalization, international marketing strategy and subsequent entry strategy. This literature that has added insight into when and why firms pursue strategic change is important in understanding the re-entry process. We focus on success and failure experience (categorized by performance) as they have distinct features that may set them apart from other types of experience, and the boundary condition effect of the time-out period to explain the firm's re-entry decision. As a result, the study addresses a key research question: When and why past success and failure experience affect the re-entry decisions?

To address this research question, we develop a conceptual model with six propositions that investigates why and when past failure and success experience affect the re-entry decision. With the focus on the different types of aspirations, the direction of the performance discrepancy, and boundary condition of time-out period, this model suggests that small past failure and big previous success are likely to trigger re-entry. This relationship is contingent on the length of time-out period.

Keywords: exit; re-entry; performance feedback; learning; performance discrepancy