

Resilience in the Face of Adversity: Evidence from a Multinational Enterprise's Expansion into Multiple Markets

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Abstract

Multinational firms' (MNEs) international expansion aspirations often depend on physical locations owned and operated by host country local partners. Both parties have a vested interest in outlets shedding their early-stage vulnerability and transitioning to maturity. Outlets, however, experience sudden dips in sales even in maturity; the most severe of these—what we term a setback—might pose an existential threat to the outlet. The MNE and its local partners' ability and motivation to leverage the resources conferred by incubation, imprinting, learning, and incentives determine setback-experiencing outlets' resilience—the likelihood and speed of their recovery from setback. We rely on a unique dataset comprising monthly sales data of 384 outlets of an international franchise system observed for up to 18 years of operation across 6 countries. We incorporate estimates from Functional Data Analysis (FDA) in an endogeneity-corrected Accelerated Failure Time Model regression model to inform MNE's and their local partners' how to identify setbacks and recover from them.

Subject Areas: *Business-to-Business Marketing, Inter-organizational Collaboration, Marketing Strategy, Organization Relationships*

Track: Business-To-Business Marketing & Supply Chain Management