

# A temporary international market exit may lead to future global expansion

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Might a temporary reduction in international presence today open the door to significant global success in the future?

A new study conducted by Prof. Niron Hashai, dean of the Arison School of Business at Reichman University, Prof. Christian Asmussen of Copenhagen Business School, and Netanel Drori of Northeastern University reveals an unexpected dynamic in global business strategy: companies that choose to scale back international operations in the short term may actually be laying the foundation for large-scale global expansion in the future.

The findings are [published](#) in the *Strategic Management Journal*.

The researchers call this pattern "international contraction for the sake of international expansion," and identify the key mechanisms that drive the effect: the freeing up of organizational capital and resources, renewed investment in emerging areas, the fueling of innovation, and the development of technological knowledge—all processes that lead to [business growth](#) and a powerful return to [global markets](#).

The study's findings are based on a comprehensive analysis of 7,438 US public companies over a 23-year period (1977–2019). The data shows that companies that reduced their international operations by 10% or more were subsequently able to expand their business activities at a faster rate than companies that did not make a similar move.

These companies invested the freed-up resources into new initiatives, a step that was reflected in a significant increase in the number of patent applications they filed—clear evidence of growth in innovation capacity and technological development.

This trend was not temporary or marginal: in the long run, many of the companies that chose to exit international markets reentered the global arena with renewed strength, often exceeding the scale of their operations prior to their retreat. This shows that a temporary withdrawal from the international market is not just a response to a changing reality,

but may serve as the basis for a long-term growth strategy.

Dean of the Arison School of Business, Prof. Niron Hashai explains, "We tend to view a company's exit from international markets as part of a process of downsizing or operational efficiency, but our research shows that sometimes, it is a broad and calculated strategic decision aimed at enabling deeper and more substantial international growth down the line."

The study suggests that managers examine the global market through a long-term lens. In an era characterized by political, economic, and health instability, a planned pause in international activity, along with investment in learning and innovation, may be the key to establishing a firm foothold in [international markets](#) in the future.

**More information:** Niron Hashai et al, International contraction for the sake of international expansion, *Strategic Management Journal* (2025). [DOI: 10.1002/smj.3713](https://doi.org/10.1002/smj.3713)

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