PONTIFÍCIA UNIVERSIDADE CATÓLICA DO RIO DE JANEIRO

Luíza Neves Marques da Fonseca

Essays on De-internationalization:

an Emerging Market Perspective

Tese de Doutorado

Thesis presented to the Programa de Pós-graduação em Administração de Empresas of PUC-Rio in partial fulfillment of the requirements for the degree of Doutor em Ciências – Administração de Empresas.

Advisor: Prof. Jorge Brantes Ferreira

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Abstract

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This doctoral dissertation aims at investigating aspects of de-internationalization and foreign divestment, with emphasis on emerging market multinationals (EMNEs). The Institutional Based View (IBV) serves as the dissertation's theoretical backbone, with support from other relevant International Business theories, such as Transaction Cost Economics, the Investment Development Path and Real Options Theory. The dissertation presents three essays on the subject, the first one being a bibliometric and literature review covering different strands of de-internationalization, from export withdrawal to backshoring decisions. The second and third essays are survival analyses based on a sample of subsidiaries from Brazilian multinationals. The research looks specifically at home and host country institutional characteristics to determine their influence on the likelihood of subsidiary divestment. Overall, the study answers a call for research on de-internationalization issues from an emerging markets' perspective, and it is the first one to include home country variables in the array of foreign divestment antecedents.

Keywords

De-internationalization; Foreign divestment; Emerging Market Multinationals; Literature review; Survival analysis.

Resumo

Fonseca, Luíza Neves Marques; Ferreira, Jorge Brantes; Rocha, Angela. Ensaios sobre Desinternacionalização: uma Perspectiva de Países Emergentes. Rio de Janeiro, 2023. 94p. Tese de Doutorado – Departamento de Administração, Pontifícia Universidade Católica do Rio de Janeiro.

A presente tese de doutorado se propôs a investigar aspectos da desinternacionalização e desinvestimento estrangeiro, com ênfase em multinacionais de países emergentes. A Visão Baseada em Instituições (VBI) serviu como base teórica para a tese, com suporte de outras teorias relevantes do campo de Negócios Internacionais, como Custo de Transação Econômica, Trajetória de Investimento e Desenvolvimento e a Teoria de Opções Reais. A tese apresenta três ensaios sobre o tema, sendo o primeiro deles uma revisão bibliométrica da literatura sobre diferentes ramificações da desinternacionalização, desde o cessar de atividades de exportação até decisões de *backshoring*. Os segundo e terceiro ensaios são análises de sobrevivência baseadas em uma amostra de subsidiárias de multinacionais brasileiras. A pesquisa aborda especificamente aspectos institucionais do país de origem e de destino para determinar sua influência na probabilidade de desinvestimento dessas subsidiárias. De modo geral, o estudo responde a um chamado por pesquisas sobre aspectos da desinternacionalização sob uma perspectiva de países emergentes, e é o primeiro a incluir variáveis do país de origem no rol de antecedentes de desinvestimento estrangeiro.

Keywords

Desinternacionalização; Desinvestimento no exterior; Multinacionais de países emergentes; Revisão de literatura; Análise de sobrevivência.

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1
Introduction

1.1
De-internationalization

The concept of de-internationalization was introduced by Welch and Luostarinen (1988). These authors indicated that there was no assurance that a firm that had earlier internationalized would continue to develop international activities in its future trajectory. The concept of de-internationalization includes different decisions a firm may take, which can be: (i) voluntary or involuntary (BODDEWYN, 1983; FLETCHER, 2001); (ii) full or partial withdrawal (Benito & Welch, 1997); (iii) defensive or offensive moves (MCDERMOTT, 1996); or (iv) resulting from failure right after international exposure, or after operating for some time in foreign markets (SADIKOGLU, 2018).

Vissak (2010) argues that International Business (IB) theories, particularly those focused on the process and stages of internationalization, have neglected the fact that companies often deviate from their original international trajectories, eventually decreasing exports to some markets, closing foreign subsidiaries, moving production (or at least part of it) back home, and sometime later making the investment all over again. Adopting a holistic approach to internationalization, Fletcher (2001, p.28) observes that "de-internationalization can take the form of reducing operations in a market, completely withdrawing from a market or switching to modes of operation that entail a lesser commitment of resources."

Scholars agree that the bulk of knowledge on this topic is still perceived as fragmentary and under-researched (e.g., ARTE; LARIMO, 2019; SCHMID; MORTSCHETT, 2020; TANG et al., 2021). One of the reasons for that relies on IB research's focus on internationalization as a promising firm strategy, whereas de-internationalization has often been equated with failure (KOTABE; KETKAR, 2009). In addition, the extant literature uses a large diversity of different terms to address a firm's decision to reduce or terminate cross-border activity, including de-internationalization, exit decision, foreign or international divestment, international market exit or withdrawal, reverse internationalization, backshoring, and reshoring.

1.2
An Emerging Market Perspective

So far, research on de-internationalization has looked mainly at Japan, South Korea, China and the United States (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020). The topic has not been looked upon from the perspective of developing economies as MNEs' home countries. Bringing the subject to this context is imperative, not only to compare and contrast research's outcomes with existing ones from developed economies, but also because studying FDI originated at developing countries can help to understand their reality and eventually improve their economic condition.

Research on emerging market multinationals (EMNEs) has grown considerably over the last fifteen years (LUO; ZHANG, 2016), mostly examining whether and how these firms' characteristics and pathways differed from traditional theories built mainly from the perspective of developed economy MNEs (NARULA, 2012). Foreign divestment moves from EMNEs and also discontinuous export trajectories from SMEs in developing countries should be further investigated, especially because of the unique institutional configuration present in such countries. Scholars should move beyond comparison studies between developed and emerging market's MNEs to inquire how home country institutions, governments and non-market stakeholders may support or hinder EMNEs' internationalization (HERNANDEZ; GUILLÉN, 2018).

1.3
Context and Relevance of the Theme

Some scholars believe that the world has been facing a period of de-globalization ever since the global financial crisis in 2008, meaning that the world would be in a process of weakening interdependence of nations (WITT, 2019). According to them, FDI globalization peaked in early 2000s and has shown a declining trend since then. The evidence would be that the scale and growth of international trade have shrunk significantly in the last decade (both in terms of trade and FDI), and recent events such as Brexit, the decoupling of the USA and China, World Trade Organization struggles, and the Covid-19 pandemic have only aggravated the situation (BALDWIN, 2016; LAMBA, 2021; LI et al., 2021; WITT, 2019; WITT et al., 2023). Another upcoming trend in this debate would be regionalization, understood as a new world configuration that has been delineating itself in the last decade (WANG; SUN, 2020) and gained momentum after Covid-19 (CUI et al., 2023; ENDERWICK; BUCKLEY, 2020).

Within this uncertain scenario where geopolitics and international relations seem to be undergoing a reconfiguration, the IB field is presented with a novel context in which theories and assumptions should be tested, expanded or redefined. Researchers should seize this opportunity to investigate how MNEs are dealing with this upcoming trend, adjusting their strategies and goals to meet the standards of a changing Global Value Chain. Certainly, those changes are bound to affect the largest multinational corporations and the smallest exporting companies, in both developed and emerging countries. And this implies a fruitful context for analyzing de-internationalization movements, from companies ceasing exporting to some markets to big changes in an MNE's global configuration such as the closing of some affiliates. Scholars should delve into a number of questions such as what have influenced such divestment decisions, how they took place, what was the reasoning behind it, if they happened entirely on a voluntary basis, and what (if any) are the plans for the establishment of a new configuration or re-internationalization.

1.4
Theoretical Perspective

Due to this sensitive and extremely relevant global context of de-globalization and de-internationalization, it is important to examine firms' decisions and actions embedded in this transitioning environment, evaluating how they relate and respond to the institutional contexts and pressures faced both at home and in the host countries. Therefore, Institutional Theory serves as a backbone to this dissertation, as a relevant and widely acknowledged perspective in IB research (AGUILERA; GRØGAARD, 2019).

Specifically in the second and third essays, different aspects of Institutional Theory are employed to analyze how the context, governments, infrastructure and environment of both home and host countries can influence EMNEs' divestment decisions. Other theories are also encompassed in conjunction with institutional theory, to account for the reasoning and effects of variables that influence the de-internationalization phenomenon. For instance, the Investment Development Path is adopted in the second essay to evaluate home country's economic context and market supporting institutions. The third essay employs aspects of the Transaction Cost Theory and Real Options Theory to account for host country uncertainty and different entry strategies adopted by EMNEs.

1.5
Organization of the Work

This thesis consists of an introductory chapter, three essays, and a concluding chapter. After this brief introductory chapter, the main theoretical background of the work is presented in chapter two in the form of a bibliometric and literature review paper, called "Setbacks, Interruptions and Turnarounds in the Internationalization Process: A Bibliometric and Literature Review of De-internationalization". The review aims to accomplish three main objectives: (i) to reveal the structure of the literature on manifestations of de-internationalization; (ii) to shed light on the field's current areas of interest; and (iii) to identify research and methodological issues that warrant attention, thereby offering insights into avenues for further research.

The second essay, presented in chapter 3 under the name "Subsidiary Divestment of EMNEs – Does Home Country Matter?", explores some of the suggested avenues for research on de-internationalization arisen from the literature review, namely "to expand the knowledge on subsidiary divestment beyond DMNEs to include EMNEs", and "to examine the role of home country conditions in foreign divestment decisions". The research combines the Investment Development Path and the Institution-Based View and performs a survival analysis in a sample of Brazilian subsidiaries that have been divested over the last decade, aiming to investigate to what extent does home country economic context, and its formal and informal institutions influence the divestment of EMNEs' foreign subsidiaries?

The fourth chapter depicts the third essay, named "EMNEs' Divestment Behavior in Institutionally Uncertain Host Countries: Is There a Best Entry Strategy?". It investigates how the entry strategies and foreign location choices of EMNEs may impact the likelihood of subsidiary divestment. It proposes that EMNEs would benefit from foreign entry modes that entails handling partnerships abroad; thus, wholly-owned greenfield (WOGF) investments would lead to higher divestment rates. Additionally, it poses that EMNEs subsidiaries should be able to thrive in institutionally challenging and uncertain environments that bear more similarities to their home country scenario. Those last two essays test their hypotheses using Cox's Proportional Hazard Rate Models in a longitudinal database of Brazilian companies established in 43 countries.

The concluding chapter sums up the findings of the three essays, presenting the dissertation’s main theoretical and practical contributions, its overall limitations and, finally, making a few suggestions for future research on the topic.

2
First Essay – Setbacks, Interruptions and Turnarounds in the Internationalization Process: A Bibliometric and Literature Review of De-internationalization

2.1
Introduction

Although internationalization is typically described in the international business (IB) literature as a linear process (JOHANSON; VAHNE, 1977, 2009), it is often characterized by cyclical or irregular movements, in that a company's trajectory is impacted by opportunities or threats that "do not usually arrive in a continuous or controlled manner" (WELCH; LUOSTARINEN, 1988, p. 42). The nonlinear nature of the phenomenon means that internationalization models do not take into account setbacks, interruptions or turnarounds (FLETCHER, 2001; VISSAK, 2010). Setbacks can result from back-shoring/re-shoring (relocating to the country of origin) or near-shoring (relocating to a nearby country) (e.g., FRATOCCHI et al., 2015; MERINO; DI STEFANO; FRATOCCHI, 2021; MORADLOU et al., 2021), or from leaving specific countries or regions for other reasons (SANDBERG; SUI; BAUM, 2019). Interruptions can occur because the company reaches a limit where internationalization ceases (NUMMELA; VISSAK; FRANCIONI, 2020) for a period of time or permanently. Turnarounds can be movements of re-internationalization, with a return to countries from which the company had previously exited (e.g., CHEN; SOUSA; HE, 2019; SURDU; IPSMILLER, 2021), or with a re-entry into international markets by a company that had become purely domestic after an initial period of internationalization. For Johanson and Kalinic (2016), periods of strong acceleration in internationalization are often followed by periods of deceleration. In any case, such movements confirm the nonlinearity of the internationalization process.

The concept of de-internationalization was first advanced by Welch and Luostarinen (1988), who posited that once a firm had internationalized, there was no guarantee that it would continue to develop international activities in the future. Scholars have studied de-internationalization and its manifestations under various labels such as de-internationalization, exit decision, foreign or international divestment, international market exit, export market withdrawal, reverse internationalization, backshoring, etc. These all refer to events of a similar nature in the firm's international trajectory, whether it is looking at downsizing its foreign operations, switching its modes of operation, re-focusing on the domestic market, or bringing manufacturing back home. The problem is compounded by the large number of possibilities associated with each of these movements. For example, considering only divestment, closing a subsidiary does not necessarily mean a reduction in the degree of internationalization of a multinational enterprise (MNE), because the company may have opened other subsidiaries in other countries. In addition, a company may close a production subsidiary, but leave a commercial office or foreign distributors or representatives intact, which would also be considered an act of de-internationalization, but without exiting the foreign market. The transfer of a subsidiary from a distant country to a nearby country may have little impact in terms of the number of countries in which the

MNE operates, but depending on the country or countries exited, it may also mean reducing the scope of internationalization from global (operating on several continents) to regional (operating on a single continent). Thus, there is a wide variety of de-internationalization movements, with very different impacts on the nature, scope, and intensity of the firm's international activities (e.g., TANG et al., 2021; TRĄPCZYŃSKI, 2016).

Even though scholars have been addressing this issue for at least thirty years, the focus on different types of decisions to de-internationalize may explain why the phenomenon is still under-researched, and why the results are often fragmented, ambiguous, and sometimes contradictory (ARTE; LARIMO, 2019; SCHMID; MORTSCHETT, 2020; TAN; SOUSA, 2015; VISSAK, 2010; WAN; CHEN; WU, 2015). Other explanations reside on IB research's focus on internationalization as a promising firm strategy, whereas de-internationalization has often been equated with failure (KOTABE; KETKAR, 2009; TURCAN, 2011). However, efforts to de-internationalize may be the result of repositioning global operations (BENITO; WELCH, 1997; BENITO, 2005), of correcting poorly made decisions, of discovering more attractive opportunities (BERRY, 2010; BODDEWYN, 1985), or of focusing on core competencies to enhance the firm's long-term competitiveness (FLETCHER, 2001).

Therefore, the purpose of this review is to provide a comprehensive map of the literature on de-internationalization, using a bibliometric analysis of empirical articles published from January 1980 through December 2020, followed by a review of the research topics and recent theoretical perspectives adopted by the literature to help formulate new research questions that support the development of this research area. The objectives of this review are: (i) to reveal the structure of the literature on manifestations of de-internationalization through co-word analysis; (ii) to shed light on the field's current areas of interest through bibliographic coupling analysis, which enables identification of clusters representing the latest research themes in the area of de-internationalization; and finally, (iii) from this bibliometric approach, to identify research and methodological issues that warrant attention, thereby offering insights into avenues for further research through a review of the articles included within each thematic cluster.

Previous reviews have examined the complexity of de-internationalization, either addressing it in its entirety (e.g., TANG et al., 2021; TRĄPCZYŃSKI, 2016), or focusing on a specific form of it (e.g., ARTE; LARIMO, 2019; STENTOFT et al., 2016). Although previous reviews have identified gaps in the extant literature and have provided insights for future research, none of them have done so by applying a combination of bibliometric and content analysis techniques to a broader set of papers that encompass all the different manifestations of de-internationalization. By using bibliometric techniques, the present review unveils the different dimensions of the phenomenon under study, examining their commonalities and differences, and delimiting its theoretical boundaries. These are the paper's main contributions. Hopefully, it will contribute to a broader understanding of the phenomenon, thus helping researchers to formulate new research questions and methodological procedures that will shape a more cohesive development of this emerging research area.

The rest of the paper proceeds as follows. First, we examine previous literature reviews of de-internationalization studies, followed by a conceptual discussion of the manifestations of the phenomenon in the extant literature. Next, we describe the method and the techniques we adopted. Then we present the results of the study (descriptive, co-occurrence and bibliometric analysis), followed by suggestions for future research. Finally, we present our concluding remarks, along with the study's limitations and contributions.

2.2
Previous review studies of de-internationalization topics

Literature reviews are becoming ever more relevant as the pace of knowledge production accelerates. As new knowledge is added to the extant literature, a particular field becomes more fragmented and interdisciplinary, making it harder to assess the state-of-the-art (SNYDER, 2019). In the field of de-internationalization, previous reviews have examined various forms of setbacks, interruptions, and turnarounds (Table 1).

Some reviews have examined de-internationalization in several of its dimensions, although they have not examined its manifestations separately. Trąpczyński (2016) extended the concept of de-internationalization to include international market withdrawals, changes in operating modes, the allocation of value-adding activities, and international market withdrawals, as well as changes in the integration of sub-units of multinational firms. The author adopts a deductive approach, applying theory-driven dimensions of internationalization to previous research in order to identify the key developments and research gaps. More recently, Tang et al. (2021) synthesized theoretical arguments and empirical findings to map the concept of de-internationalization, its motives, barriers and long-term impacts on multiple stakeholders in a thematic framework. Lamba (2021) used a structured framework focusing on characteristics of a relevant set of articles to examine the extant literature. The most recent review (KAFOUROS et al., 2022) looked at studies on de-internationalization and re-internationalization, integrating the two phenomena into a conceptual framework that depicts a cycle starting with the initial internationalization process and advancing to de- and re-internationalization.

Other authors have dealt with specific manifestations of de-internationalization. Three reviews looked specifically at the phenomenon of manufacturing backshoring, reviewing the extant research to identify the most relevant factors for backshoring decision-making. They have categorized these factors into different clusters that influence the decision to backshore manufacturing (STENTOFT et al., 2016), addressed who, what, where, when, why and how questions (BARBIERI et al., 2017), and built a comprehensive backshoring framework that included domestic, international, and contingency factors driving offshoring and backshoring decisions (BOFFELI; JOHANSSON, 2020).

Table 1 – Previous review articles on de-internationalization topics

Author(s)/ year	Title	Journal	Focus	Database(s)	Study period	Sample	Review Type
Trąpczyński (2016)	De-internationalisation - A review of empirical studies and implications for international business research	Baltic Journal of Management	De-internationalization	EBSCOhost, ScienceDirect, Emerald, JSTOR and ProQuest	1981-2015	66 articles	Literature review – deductive approach
Stentoft et al. (2016)	Manufacturing backshoring: a systematic literature review	Operations Management Research	Backshoring	EBSCOHost, Science Direct and Web of Science	2009-2016	20 articles	Literature review - content analysis
Barbieri et al. (2017)	What do we know about manufacturing reshoring?	Journal of Global Operations and Strategic Sourcing	Backshoring	Scopus	2007-2017	57 articles	Systematic review based on the "5Ws and 1H" questions
Arte & Larimo (2019)	Taking stock of foreign divestment: Insights and recommendations from three decades of contemporary literature	International Business Review	Foreign Divestment	ABI Inform, EBSCOhost, ProQuest, Wiley Online Library, Science Direct, Emerald and JSTOR	1995-2018	53 articles	Literature review - Content analysis
Schmid & Morschett (2020)	Decades of research on foreign subsidiary divestment: What do we really know about its antecedents?	International Business Review	Foreign Divestment	Business Source Complete, EconBiz, Emerald, JSTOR, ScienceDirect, Wiley Online Library and Google Scholar	1995-2019	45 articles	Meta-analysis

Coudounaris et al. (2020)	Three decades of subsidiary exits: Parent firm financial performance and moderators	Journal of Business Research	Foreign Divestment	Not mentioned	1989-2018	80 articles	Meta-analysis
Boffelli & Johansson (2020)	What do we want to know about reshoring? Towards a comprehensive framework based on a meta-synthesis	Operations Management Research	Backshoring	Scopus and Web of Science	2014-2018	41 articles	Meta-synthesis
Lamba (2021)	Deglobalization: Review and research future agenda using PAMO framework	Book chapter	De-internationalization	Scopus	2004-2021 (partial)	52 articles	Systematic review
Tang et al. (2021)	De-internationalization: A Thematic Review and the Directions Forward	Management International Review	De-internationalization	Web of Science	1979-2019	218 articles	Framework-based thematic review
Kafouros et al. (2022)	Cycle of de-internationalization and re-internationalization	Journal of World Business	De- and re-internationalization	Not mentioned	Selected articles	34 articles	Literature review – Content analysis

Arte and Larimo (2019), on the other hand, focused on foreign divestment, exploring the shortcomings of the extant literature. They analyzed the main theories used to build divestment propositions and hypothesis, comparing their arguments and predictions. Coudonaris, Orero-Blat and Rodríguez-Garcia (2020) and Schmid and Morschett (2020) performed meta-analyses on subsidiary exit/divestment in order to synthesize the effects found in the original empirical articles. The formers' study proposed a model of the antecedents influencing the parent firm's and its subsidiaries' financial performance, leading to subsidiary divestment. The latters' study focused on the impact of 18 antecedents of subsidiary divestment related to the parent firm, the subsidiary itself, and the host country.

Summarizing, recent literature reviews of de-internationalization have looked at the phenomenon either covering only part of its manifestations, or using other methods (e.g., content analysis, thematic analysis, conceptual analysis, or meta-analysis), or including a smaller number of articles than the present review.

2.3
Manifestations of De-Internationalization

De-internationalization has been conceptualized to include voluntary or involuntary decisions (BODDEWYN, 1983; FLETCHER, 2001), full or partial withdrawal (Benito & Welch, 1997), defensive or offensive moves (MCDERMOTT, 1996), and result of failure after international exposure (Sadikoglu, 2018). Voluntary exits usually occur for financial or strategic reasons (KOTABE; KETKAR, 2009), but they are always part of a decision made internally (BODDEWYN, 1983). In contrast, involuntary exits typically happen due to external reasons such as political or exchange risks, warfare, intellectual property rights issues, or even expropriation (BENITO, WELCH, 1997; KOTABE; KETKAR, 2009; MANDRINOS; LIM; LIEW, 2022). Although partial or full withdrawal are easy concepts to grasp, Benito and Welch (1997) theorize that the probability of a full exit from international operations declines as the internationalization process evolves; the same cannot be said about partial withdrawal, however, because companies often reduce some of their international operations over time as part of a bigger picture. As for defensive or offensive de-internationalization moves, McDermott (1996) defines the former as a result of a decline in competitiveness, loss of market share and deteriorating financial outcomes; the latter occurs when a profitable firm willingly chooses to divest some of its operations.

In the field of business, de-internationalization phenomena have been traditionally examined by strategic management and international management/business scholars (BENITO; WELCH, 1997). They have used a variety of theoretical perspectives, including the resource-based view, the knowledge-based view, organizational learning theory, network theory, transaction cost theory, Dunning's eclectic paradigm, internalization theory, institutional theory, and real options theory, among others (TANG et al., 2021). The choice of a theoretical perspective is usually related to the factors that are being investigated, whether internal or external to the firm. For example, from a resource-based view perspective, Sadikoglu (2018) claims that the two main reasons to de-internationalize are either a failure to transfer valuable, rare, inimitable, and non-substitutable resources to other markets, or an inability to transform those resources into meaningful offerings; Demirbag, Apaydin and Tatoglu (2011), on the other hand, use an institutional perspective to examine the impact of economic distance and economic freedom distance on subsidiary survival.

One common manifestation of de-internationalization is export withdrawal, either partial or complete. Nevertheless, research on export withdrawal has been the underdog in exporting research, with literature reviews seldom examining or even mentioning the subject (e.g., CHABOWSKI et al., 2018; PAUL; PARTHASARATHY; GUPTA, 2017). Scholars interested in exporting have looked at export withdrawal mainly as a negative outcome stemming from poor performance, often associated with the difficulty of overcoming export barriers. Bernini, Du and Love (2016, p.1059) argue that many firms are, in fact, intermittent exporters, that is, they present "repeated, serial entry and exit to and from export markets." Berg et al. (2022) differentiate between incidental exporters who become perennial exporters and those who exit foreign markets altogether, highlighting the role of labor productivity as a key factor.

Foreign subsidiary divestment has received substantial scholarly attention. IB research on foreign divestment can be traced back to Boddewyn's (1983, 1985) work in the early 1980s. However, the subject was set aside until the 2000s (TAN; SOUSA, 2015). Arte and Larimo (2019) reviewed the theoretical frameworks and key empirical findings of research on foreign subsidiary divestment during the previous three decades. They concluded that the outcomes had sometimes been ambiguous, particularly in what concerned the impact of the institutional environment of the host country on divestment decisions. For the most part, research has focused on investigating factors associated with the exiting of foreign markets, including firm/subsidiary, industry, and country factors. However, Schmid and Morschett's (2020) meta-analysis identified inconsistencies and non-significant results on divestment antecedents. Other studies examined the antecedents of subsidiary survival, since foreign subsidiaries that do not survive are those that have been divested. In fact, Kotabe and Ketkar (2009, p. 245) claimed that subsidiary exit and subsidiary survival are "two sides of the same coin". Moreover, Thywissen (2015) claims that the divestment literature has focused on antecedents and outcomes but failed to examine process issues.

Another strand in this literature relates to backshoring. The concepts of outsourcing and offshoring have dominated the literature on global value chains for the past few decades. MNEs adopting these practices were driven by the desire to achieve efficiency and gain competitive advantages offered by low-cost economies (CAPIK, 2017) through network collaboration and resource dependencies (AKYUZ; GURSOY, 2020). Recently, though, the question as to whether or not offshoring is the best choice for MNE operations has arisen, as attention to the phenomenon of backshoring has increased. McIvor and Bals (2021) present a conceptual framework for the backshoring decision, delineating the three stages involved in such decisions: drivers, exit analysis and reintegration/relocation analysis. Although reshoring is frequently used as a term to define any location change in manufacturing (GRAY et al., 2013), some scholars have used it as a synonym for backshoring or back-reshoring (e.g., ELLRAM, 2013), denoting the decision to relocate business processes, production, and services to the firm's home country (ARLBJØRN; MIKKELSEN, 2014), irrespective of the ownership mode chosen to operationalize it (ANCARANI et al., 2015; MLODY, 2016). Recent events such as the US-China trade dispute and Covid-19 pandemic have also been determinants of backshoring decisions, prompting research on the topic (e.g.: CHEN et al., 2022).

Because de-internationalization has been conceptualized as part of a nonlinear process of internationalization, some scholars, particularly those studying small firm internationalization, born globals or international new ventures, have also examined re-internationalization. Re-internationalization usually takes place after the company has had a time-out period to adjust to certain conditions and to reevaluate its product offering or entry mode, after which it restarts its international operations (WELCH; WELCH, 2009). Ali (2021) suggested that firms tend to perform better on re-internationalization attempts. A related phenomenon – the born-again global – was advanced by Bell, McNaughton and Young (2001) to describe firms that operated globally earlier, ceased their international activities for some reason for a significant period, and after a critical incident (e.g., acquiring new resources, accessing different networks or following a customer), made a quick return to foreign markets. Re-internationalization may also be the result of changes in the host country's conditions. Whatever the process, the literature suggests that de- and re-internationalization are intertwined (KAFOUROS et al., 2022).

2.4
Method

The study adopted a bibliometric approach to examine the literature on de-internationalization, followed by a literature review of the resulting clusters. Figure 1 presents a detailed workflow, including the research goals, data collection procedures and the analytical steps adopted in the study.

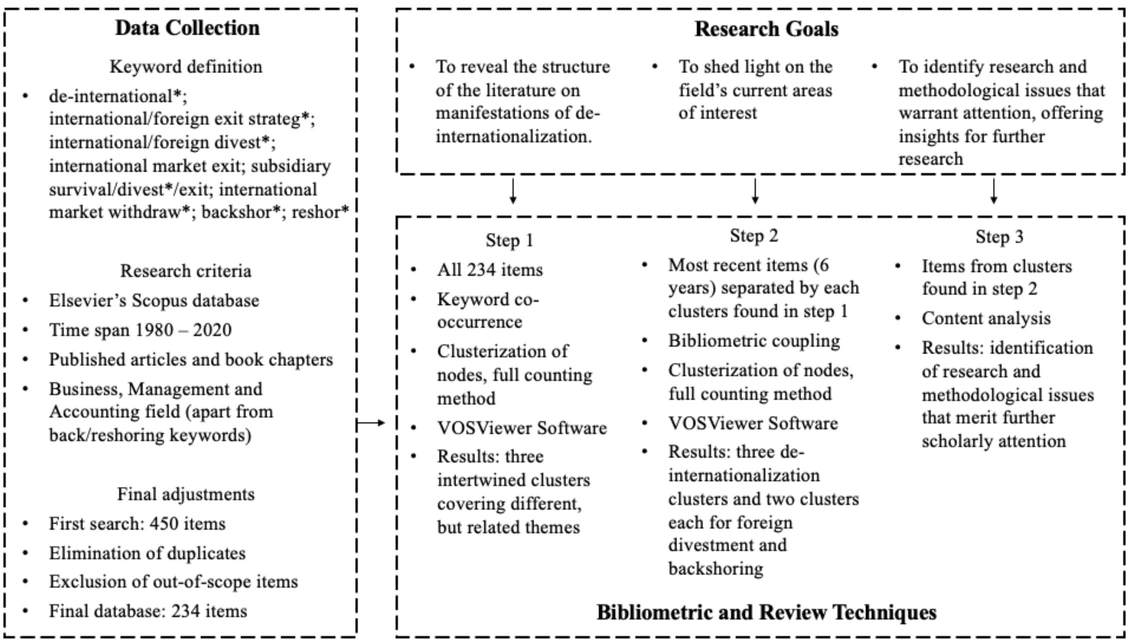

Figure 1 – Research Workflow
Source: developed by the authors

2.4.1
Data Collection

The first step was to define the keywords to be used in the search, which was done by overviewing articles on de-internationalization and previous research and reviews. This initial search led to the identification and selection of different terms used to define processes and activities of de-internationalization: "de-international*", "international/ foreign exit strateg*", "international/foreign divest*", "international market exit", "subsidiary survival/divest*/exit", "international market withdraw*", "backshor*" and "reshor*". Although there are several sources for accessing data, the search used Scopus database because the simultaneous use of other databases might be considered unhelpful due to duplication of records (HARZING; ALAKANGAS, 2016). Furthermore, Scopus is one of the largest scholarly databases of peer-reviewed literature, and at the same time it is widely accepted as a database for bibliometric and big data analysis (MONGEON; PAUL-HUS, 2016; DONTHU et al., 2021). Several authors of literature reviews have based their reviews on this database only, both in international business research (e.g., BARBIERI et al., 2017; LAMBA, 2021) and other fields of business and management (e.g., LIM et al., 2021)

Articles and book chapters published in English from January 1980 through December 2020 were extracted in order to ensure the biggest coverage of items possible. However, we did not include conference papers and other non-peer-reviewed material, with the exception of book chapters. This procedure has been encouraged by some scholars (e.g., ADAMS et al., 2017), who claim that book chapters present the highest level of credibility within the so-called grey literature. Apart from the keywords related to the backshoring phenomenon, the scope was limited to the fields of Business, Management and Accounting, which share a similar approach to the phenomenon under scrutiny. This first round yielded a total of 450 papers (including duplicates due to the various searches performed separately). The results were then compiled and duplications were eliminated. The next step was a thorough examination of abstracts and keywords in order to exclude out-of-scope papers, that is, articles about divestment in general, not focused on international or foreign divestment. The final database consisted of 234 items (221 articles featured in peer-reviewed journals and 13 book chapters), published from 1980 through 2020. The data collection process is also depicted in Figure 1.

2.4.2
Analysis Techniques and Tools

A bibliometric analysis is useful for rigorously mapping the cumulative scientific knowledge of an establishing research area (DUNTHU et al., 2021). The method consists of a quantitative analysis of empirical data extracted from the literature and is commonly used to map scientific fields (ZUPIC; ČATER, 2015), especially emerging ones (RIALTI et al., 2019). It provides visual representation of the relationships that can be established by publications, authors, journals, or keywords as they are positioned in a structure called the “bibliometric network” (VAN ECK; WALTMAN, 2014). This study followed the protocol proposed by Zupic and Čater (2015).

Step 1. A descriptive analysis was performed for the purpose of portraying the evolution of the field over the past few decades and the main journals that have published works related to de-internationalization. The co-word analysis technique was applied to uncover the cognitive structure of the field and to assess if the papers selected were related and addressed aspects of the same phenomenon. The technique, based on the frequency of co-occurrence of keywords in the articles (WHITTAKER, 1989), was developed to provide a content picture of research topics most present in a field/research area and how they relate with each other. This is achieved by measuring the strength of the keywords' co-occurrence links, thus revealing a network (SU; LEE, 2010). The keywords used in the analysis may be either supplied by the author or extracted from the title and abstract of a publication (VAN ECK; WALTMAN, 2014). Thus, the decision was not to exclude the 38 articles without an original set of keywords, but to extract the keywords from their titles and abstracts. Additionally, some of the keywords had to be standardized (SU; LEE, 2010). For instance, "de-internationalisation" was replaced with "de-internationalization," and the different terms used to designate a multinational enterprise were replaced with "MNE." Although "foreign divestment," "international divestment," "foreign divestiture" and "international divestiture" are sometimes used interchangeably, they were all kept in their original form.

Step 2. The works published in the last six years (2015-2020) were organized into the three main themes found in the previous analysis (keyword co-occurrence) and submitted to a BC technique. This technique assumes that articles that have more references in common have a higher probability of addressing common themes (KESSLER, 1963), and is best used within a specific timeframe (ZUPIC; ČATER, 2015). Additionally, when used in a database containing only the most recent articles, it can be useful to determine novel and upcoming theoretical trends in the field, as can be seen in Steinhäuser, Paula, and Macedo-Soares (2020). Because the goal was to analyze the structure of emerging articles, the BC technique was preferred over co-citation analysis, due to its staticity over time (ZUPIC; ČATER, 2015). The analysis used the VOSViewer Application, which provides graphical bibliometric maps and networks made of nodes and edges, indicating relationships between pairs of nodes. The most closely related nodes were divided into clusters (VAN ECK; WALTMAN, 2014).

Step 3. Once the thematic clusters were identified, all articles included in each cluster were read to identify their most important contributions, as well as the main research methods and variables analyzed. This targeted literature review provided valuable information about the field's key dimensions, helping to identify research gaps and possible future avenues (CLARK et al., 2021).

2.5
Descriptive Results

Despite first appearing in the 1980s, research on de-internationalization took a long time to become established. It was not until the late 2000s that the number of papers started to increase, as per Figure 2.

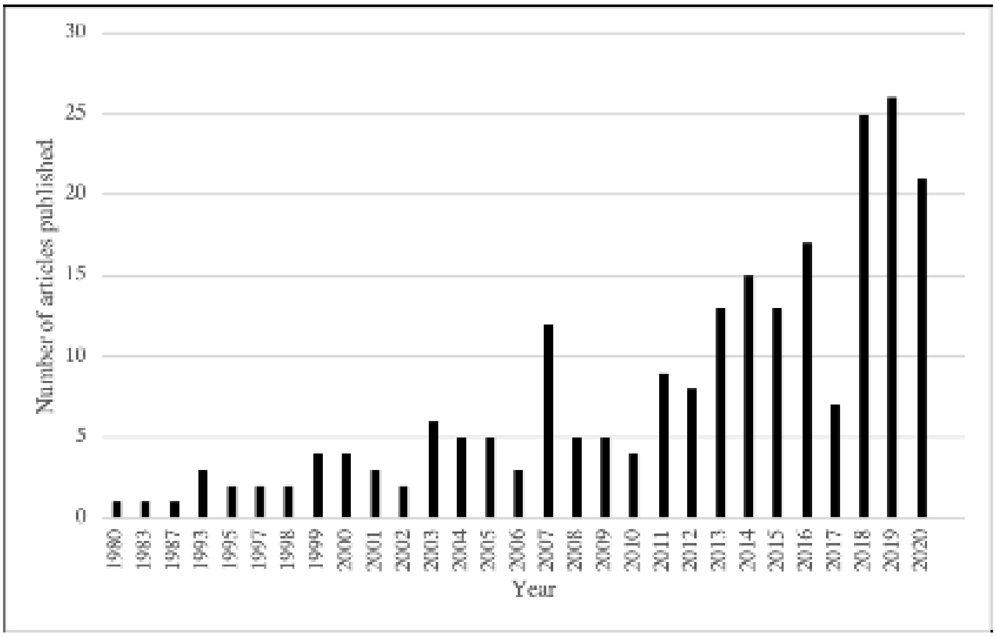

Figure 2 – Yearly Evolution of the Sampled Publications
Source: developed by the authors

Table 2 presents the top journals with the largest number of articles. They account for almost 50% of the total 221 peer-reviewed articles published between 1980 and 2020. The *International Business Review* published 9.5% of all the papers, followed by the *Journal of International Business Studies* and *Journal of World Business* with 5.9% each. Although most journals are related to IB, there is also a significant number of Supply Management, Operations Management and Strategic Management journals.

Table 2 – Journals by Number of Articles

Journal	**No. of Articles**	**%**
International Business Review	21	9.5%
Journal of International Business Studies	13	5.9%
Journal of World Business	13	5.9%
Journal of Purchasing and Supply Management	9	4.1%
Management International Review	9	4.1%
Strategic Management Journal	8	3.6%
Operations Management Research	7	3.2%
Advances in International Management	6	2.7%
European Business Review	5	2.3%
Global Strategy Journal	4	1.8%
International Marketing Review	4	1.8%
Journal of International Marketing	4	1.8%
Journal of International Management	4	1.8%
Other outlets	127	51.6%
Total	234	100%

Source: developed by the authors

2.6
Keyword Co-Occurrence Analysis

The co-word analysis using articles' keywords as nodes produced three clusters. Table 3 presents the clusters with the frequency of the keywords (occurrence) and the total strength of the links of an item with other items (total link strength). The keywords that were originally used to search the database are highlighted in the table with an asterisk (*): de-internationalization and international divestment (cluster 1); subsidiary survival, subsidiary divestment and foreign divestment (cluster 2); and reshoring and backshoring (cluster 3).

Table 3 – Clusters by Occurrence of Keywords

Cluster 1	Cluster 2	Cluster 3
Keywords (occurrence / total link strength)	Keywords (occurrence / total link strength)	Keywords (occurrence / total link strength)
Internationalization (21 / 33)	Foreign Divestment* (20 / 17)	Reshoring* (49 / 74)
De-internationalization* (20 / 27)	MNEs (19 / 22)	Backshoring* (32 / 60)
Divestment (14 / 11)	Subsidiary Survival* (16 / 10)	Offshoring (31 / 66)
International Divestment* (10 / 9)	Foreign Direct Investment (15 / 19)	Manufacturing (15 / 33)
Re-internationalization (6 / 9)	Survival (13 / 9)	China (7 / 11)
Retailing (8 / 9)	Subsidiary Divestment*(10 / 8)	Back-reshoring (5 / 16)
Case Study (6 / 12)	Performance (9 / 6)	Location decisions (5 / 11)
Market Exit (5 / 5)	Uncertainty (7 / 9)	Outsourcing (5 / 10)
SMEs (5 / 5)	Entry mode (6 / 12)	
	Real Options (6 / 8)	
	Exit (6 / 5)	
	IJVs (5 / 6)	

Source: developed by the authors

The graphical representation of the network retrieved from VOSViewer (Figure 3) shows that, despite the division of subjects, there are also connections among them. Both requirements for establishing a network structure – network actors (keywords) and network ties (links between them) – were met (SU; LEE, 2010). Therefore, one can infer that at least part of the knowledge structure of the de-internationalization literature was disclosed.

The clusters formed by keywords provide interesting insights. The first (green) cluster - *De-internationalization and Re-internationalization* – shows that research on de-internationalization and research on re-internationalization are indeed connected. Research has examined what firms do differently once they re-internationalize in order to determine what they have learned. De-internationalization has also been studied by researchers of retailing (e.g., ALEXANDER; QUINN; CAIRNS, 2005), since retailers underwent a nonlinear process of internationalization during the 1980s and 1990s, with divestment activities ranging from store closures to chain sales and market exits (ALEXANDER et al., 2005). Case studies have been the primary method adopted by research on de-internationalization processes (KOTABE; KETKAR, 2009;

HUANG et al., 2019), perhaps because of the difficulty of obtaining data on de-internationalization, which often are not disclosed by firms. Lastly, research on small and medium-sized enterprises (SMEs) has emphasized how they follow different stages of internationalization, which are often non-incremental and nonlinear (DOMINGUEZ; MAYRHOFER, 2017; VISSAK; FRANCIONI, 2013).

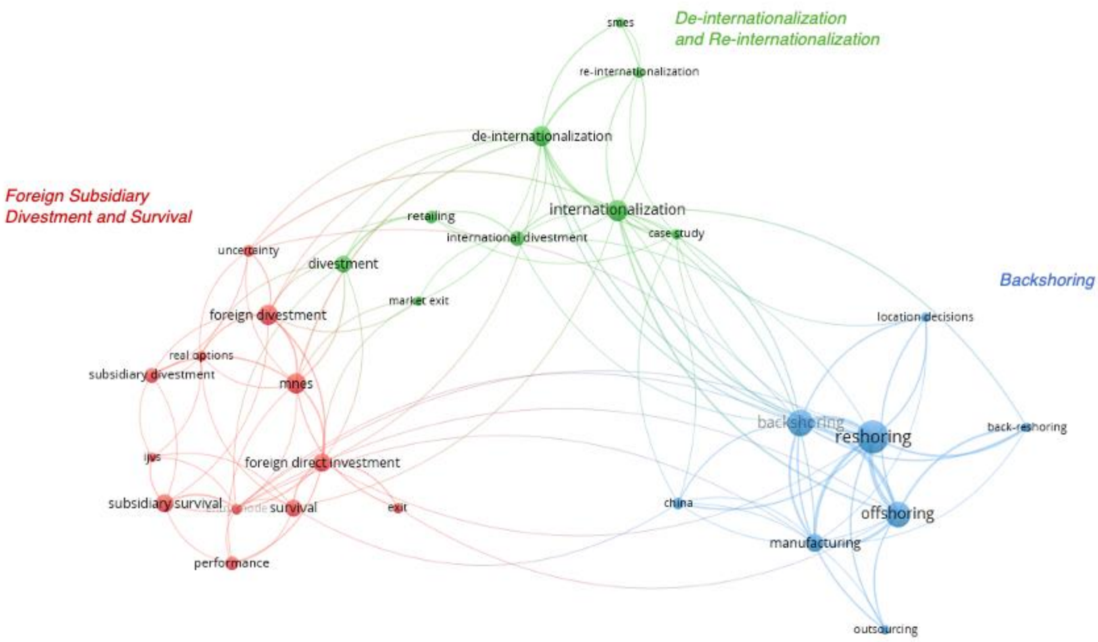

Figure 3 – Network of Clusters
Source: developed by the authors

The second cluster (red) – *Foreign Subsidiary Divestment and Survival* – focuses on MNEs, which makes sense, considering that the keywords are related to subsidiaries' divestment or survival, choice of entry and exit mode, performance, uncertainty, and real options. These issues are usually investigated in the context of larger, resource-rich firms that have more options than export withdrawal. Research on foreign subsidiary divestment is highly connected with performance outcomes (SOUSA; TAN, 2015), subsidiary survival (KOTABE; KETKAR 2009), and real options theory (CHUNG et al., 2013). Research has focused mainly on investigating factors associated with the exiting of foreign markets, including firm, subsidiary, industry, and country factors. Although poor performance seems to be the most prominent motive, several other antecedents have been examined, such as productivity (ENGEL; PROCHER; SCHMIDT, 2013), strategic choices (OZKAN, 2020), previous international experience (SOUSA; TAN, 2015), resources and innovative capabilities (KONARA; GANOTAKIS, 2020), and alliances and networks (IURKOV; BENITO, 2020). A related set of studies examines the antecedents of subsidiary survival. Most of these studies agree that survival does not depend entirely on performance and profitability, but on other factors also, including entry and equity modes (HONG, 2015), institutional, cultural, and cross-national distance (CASSIO-DE-SOUZA; OGASAVARA, 2018), previous international experience (YANG; LI; DELIOS, 2015), host country characteristics (WANG; LARIMO, 2020), and home country context (PENG; BEAMISH, 2019).

The third cluster (blue) – *Backshoring* – includes the terms backshoring, reshoring and back-reshoring, often used interchangeably (ELLRAM, 2013). This decision does not necessarily mean that the firm will start manufacturing on its own, because the outsourcing option is still on the table, provided that the factories are in its home country. The term "nearshoring" does not appear as part of this cluster because nearshoring typically refers to bringing manufacturing activities to a different country, one that is closer to the home country (HARTMAN et al., 2017). Therefore, it is not part of a de-internationalization process. Some studies indicate that backshoring is not unique to MNEs (STENTOFT et al., 2016); medium-sized firms may wish even more keenly to backshore (ARLBJØRN; MIKKELSEN, 2014). MNEs' and SMEs' backshoring processes differ in terms of motivation, with large companies showing more concern about being responsive and maintaining production close to R&D, and smaller ones being motivated by product quality and supply reliability (ARLBJØRN; MIKKELSEN, 2014; GRAY et al., 2013). Stentoft et al. (2016) suggest that industry-related contingencies could be relevant. However, one study showed that firms operating in both high-tech and labor-intensive industries have repatriated their operations (ANCARANI; DI MAURO, 2018).

2.7
Bibliometric Coupling and Content Analysis

The BC technique was used to examine the papers from 2015 through 2020 divided beforehand into thematic clusters using co-word analysis. This analysis enabled us to tell which of the papers were related to the others because they cited similar sources, and to qualitatively identify research trends through a content analysis.

2.7.1
De-internationalization and Re-internationalization

Twenty-two published articles were grouped into three clusters according to the strength of their connections (Figure 4). The first (green) cluster comprises nine articles and is labeled *Born Globals down the Road* due to the number of articles on de-internationalization of early exporters or born-global firms (e.g., HUANG et al., 2016). These articles examine what happened to firms that, despite a very promising beginning to their internationalization, retracted their operations along the way. These studies typically use a longitudinal approach (e.g., VISSAK; FRANCIONI; FREEMAN, 2020), and look at export behavior as an accessible entry mode for smaller and younger firms (DOMINGUEZ; MAYRHOFER, 2017). Three studies (DOMINGUEZ; MAYRHOFER, 2017; VISSAK; ZHANG, 2016; VISSAK et al., 2020) investigate internal and external factors influencing firms' nonlinear internationalization processes, including lack of knowledge, lack of network relationships, effectual behavior, home and host country constraints, and global competitiveness.

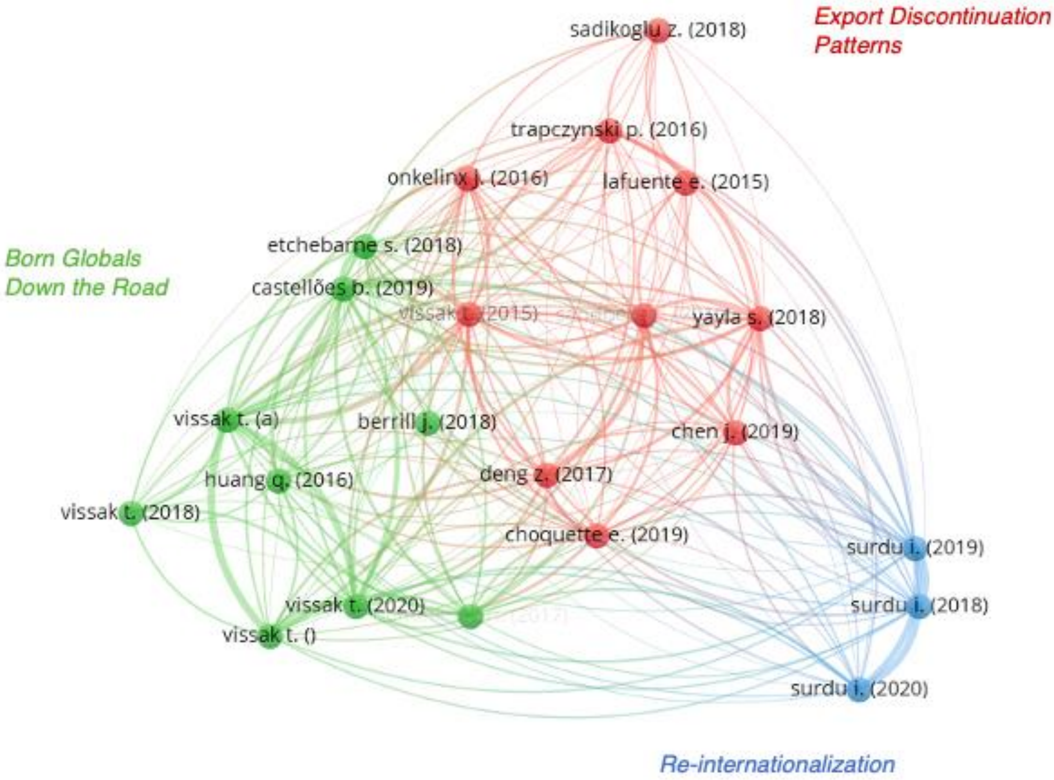

Figure 4 – BC of de-internationalization papers
Source: developed by the authors

The third (blue) cluster, *Re-internationalization*, comprises only three papers with authors in common, although papers on this issue also appear in the other two clusters. Surdu et al. (2018) examine the antecedents of market re-entry to determine their influence on the timespan between exiting and re-entering, and to investigate what would lead the firm to make a second attempt. They propose that the depth of experience acquired in operating in a specific market may increase uncertainty and delay re-entry, but this effect could be reduced by the institutional quality of the host market. In another paper, Surdu, Mellahi and Glaister (2019) investigate entry mode changes by companies while re-entering, arguing that unsatisfactory performance influences the learning process for re-entrants, and consequently the level of commitment. Corroborating previous findings, Surdu and Narula (2020) posit that accumulated market-specific knowledge may slow down re-internationalization. They suggest that the ability to transform negative experiences into firm-specific advantages depends on how quickly the organization makes the next attempt, irrespective of how long it had been active in that market previously, or whether it comes from a developed or emerging country. The three articles offer insights into the role of experiential learning, including how organizations process and use the knowledge accumulated in their international experiences.

2.7.2
Foreign Subsidiary Divestment and Survival

The BC technique was applied to 42 foreign subsidiary divestment and subsidiary survival articles published between 2015 and 2020 (Figure 5). The first (red) cluster (22 articles) – *Subsidiary Survival* – looks at antecedents of subsidiary survival and is mostly related to subsidiary characteristics such as changes in core activities (KIM, 2017), expatriate staffing level (PENG; BEAMISH, 2019), and equity ownership arrangements (Hong, 2015), but also host country characteristics, including geographical and cross-national distance (CASSIO-DE-SOUZA; OGASAVARA, 2018), and institutional development (GETACHEW; BEAMISH, 2017). Papers analyzing the effect of firms' previous international experience show somewhat ambiguous results. While Cassio-de-Souza and Ogasavara (2018) find that local experience has a positive moderating impact on the survival of cross-nationally distant subsidiaries, Wang and Larimo (2017, p. 176) point out that the "relationship of ownership strategy and subsidiary survival in foreign acquisitions is contingent upon cultural distance and host country development but not on firm experience". Yang et al. (2015) argue that MNEs that learn from the failure of prior entrants show lower exit rates. Inconsistent findings are also pointed out in Arte and Larimo's (2019) literature review and Schmid and Morschett's (2020) meta-analysis, which shows the persistence of this subject and the need for further investigation to reach more robust conclusions.

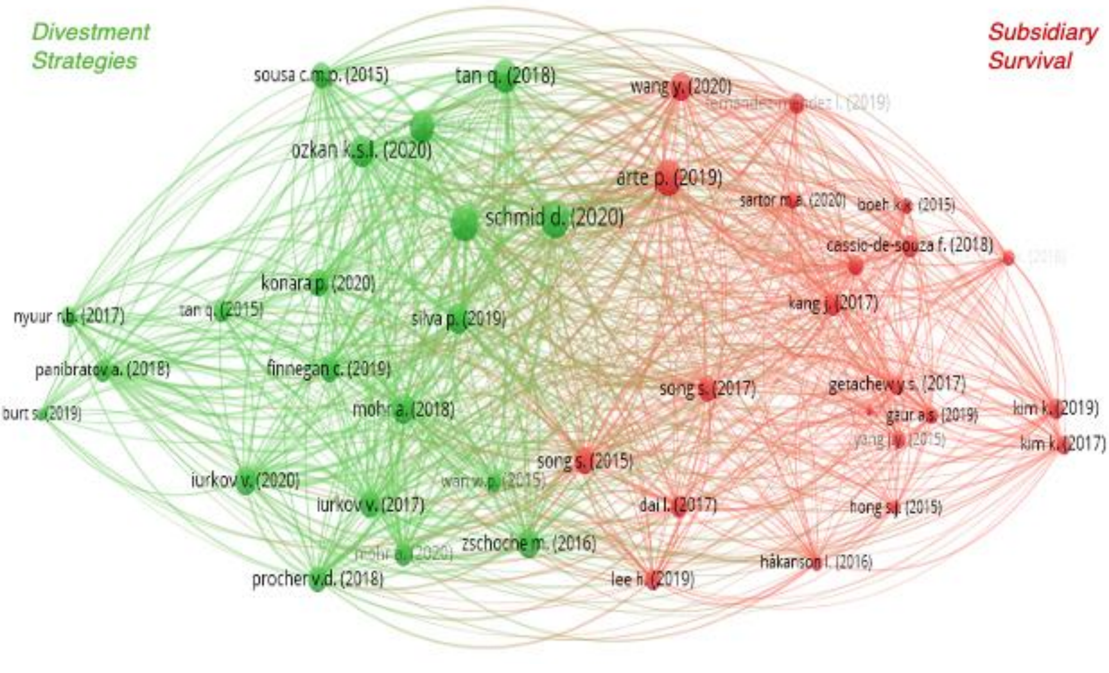

Figure 5 – BC of foreign divestment/survival papers
Source: developed by the authors

The second (green) cluster, *Divestment Strategies*, includes 20 papers. These papers also acknowledge the role of previous experience in explaining foreign divestment (e.g., TAN; SOUSA, 2015) and home and host country-related antecedents (e.g., BURT; COE; DAVIES, 2019), but from a divestment or exit perspective. The most noticeable difference from the previous cluster is the lack of papers focusing on subsidiary characteristics. Instead, the research in this cluster focuses on strategic choices made by MNEs in relation to their domestic and international investments. Sousa and Tan (2015), for instance, investigate the relevance of strategic fit between a headquarters and its foreign affiliates in determining which one gets divested, and later on the same authors investigate whether or not business relatedness impacts the exit decision (TAN; SOUSA, 2018). Ozkan (2020) focuses on the misalignment between firms’ strategies and foreign market risk. Procher and Engel (2018, p. 529) look at “segmented intersubsidiary competition,” concluding that foreign investments compete among themselves for divestment decisions. There are also papers dealing with retail divestment issues (e.g., BURT et al., 2019).

2.7.3
Backshoring

Finally, the BC technique was applied to 56 backshoring articles published from 2015 through 2020, and two clusters emerged (Figure 6). Both clusters include studies on motivations and determinants of backshoring activities, but with other aspects differentiating them.

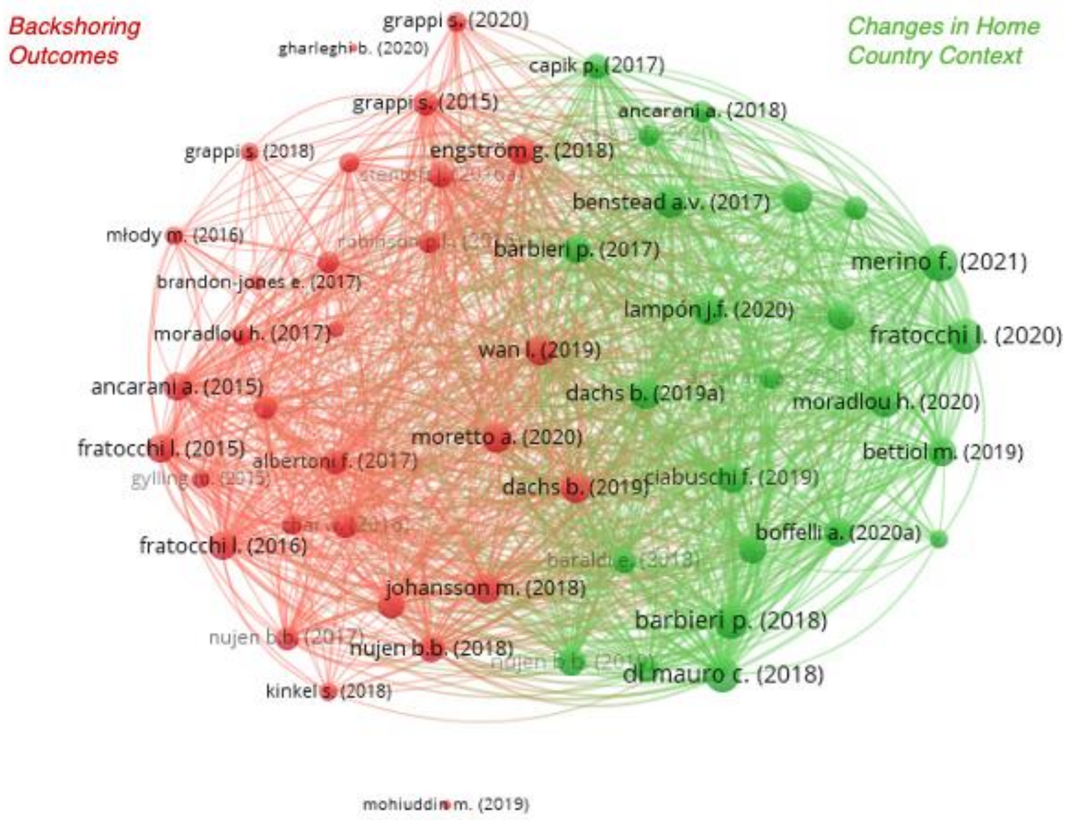

Figure 5 – BC of backshoring papers
Source: developed by the authors

The first (red) cluster, *Backshoring Outcomes*, includes 29 papers. Stentoft et al. (2016) identified seven groups of antecedents of a backshoring decision: cost, quality, time and flexibility, access to skills and knowledge, risk, market, and other factors. Fratocchi et al. (2016) developed an integrative framework for backshoring motivations, considering their purpose (customer perceived value versus cost efficiency) and level of analysis (firm-specific versus country-specific). Brandon-Jones et al. (2017) indicate that the benefits of backshoring tend to outweigh the costs because the decision tends to generate positive abnormal stock returns. Other studies highlight the gains in knowledge retention (NUJEN et al., 2019), manufacturing or innovative capabilities (NUJEN; HALSE, 2017), product quality or the quality of the production infrastructure in the host country, and responsiveness (MORADLOU; BACKHOUSE; RANGANATHAN, 2017). Backshoring also appears to have a positive effect on changing business models and on brand repositioning (ROBINSON; HSIEH, 2016) related to "consumer reshoring sentiment," a construct that measures consumer attitudes toward companies that backshore, from the "made-in effect" and "quality superiority" to "ethical issues in host countries" (GRAPPI et al., 2018, p. 196), translating into consumer willingness to reward these firms (GRAPPI et al., 2015, 2018).

The second (green) cluster comprises 23 articles that are generally more recent than those in the previous cluster. Its most prominent theme was used to label the cluster *Changes in Home Country Context*. Articles in this cluster discuss how innovation and technological changes in production processes can impact a firm's decision to reshore (e.g., LAMPÓN; GONZÁLEZ-BENITO, 2019; MARTÍNEZ-MORA; MERINO, 2020). Dachs, Kinkel and Jäger (2019) find a positive link between backshoring and investments in industry 4.0 technologies, and Lampón and González-Benito (2019) conclude that backshoring results in an upgrading in manufacturing compared to the time of offshoring. However, Ancarani, Di Mauro & Mascali (2019) suggest that European companies that backshored did so without resorting to labor-saving technologies. Thus, the adoption of new technologies might be more important to some businesses than to others, depending on their strategic goals. For Halse, Nujen and Solli-Saether (2019), automation is more of a means for achieving the goal of backshoring than a reason in itself. As for the institutional changes in the home country, Ciabuschi et al. (2019) indicate that home country risk should be part of backshoring considerations, while Moradlou et al. (2021) focus on changes to the demand pattern in the home country. Other authors emphasize the relevance of production and professional networks in the home country for the decision to bring some activities back home (BARALDI et al., 2018; HALSE et al., 2019).

2.8
Future Directions for Research

This review is based on the articles included in each thematic cluster derived from the BC analysis, and it addresses the third objective of the research, which is to identify research and methodological issues that warrant attention, thereby offering insights into avenues for further research. Studies on de-internationalization cover a variety of research themes, with most of them meriting further investigation. There are opportunities for studies covering different aspects of partial de-internationalization, such as export market withdrawal, subsidiary divestment, or backshoring, as well as complete de-internationalization. Variables affecting the decision can be at the firm and subsidiary level, industry level, or home/host country level. Table 4 maps the main issues deserving additional research extracted from this bibliometric review, discussed in detail below. Table 5 presents selected research issues and the studies supporting them. These suggestions come from gaps identified in the literature by other authors as well as from those that we believe deserve more scholarly attention.

Table 4 – Research Issues Extracted from the Literature Review

Type	Methods	Variables			
		Firm/Subsidiary	Industry	Host country	Home Country
Longitudinal Studies – Comparison of conditions at entry with conditions when exiting					
Export market withdrawal	Panel data (secondary sources) Case study	Availability and use of networks in foreign market Previous intl. experience and market knowledge	Change in product competitiveness	Change in barriers to exporting Change in demand patterns	Change in country-of-origin product image Change in domestic market demand Change in other macroeconomic conditions Change in government support
Subsidiary divestment		Alignment of initial expectations and strategies adopted, and performance outcomes Change in managers' risk perceptions	Isomorphic behavior of firms	Change in institutional factors Change in country risk	Change in macroeconomic and political conditions Change in government support/ involvement
Backshoring		Gains previously expected with offshoring and outcomes Overall firm performance (several indicators, before and after)	Technological change Isomorphic behavior of firms	Change in institutional factors Change in country risk	Change in manufacturing conditions in home country Change in demand patterns
Complete de-internationalization		Firm's competitiveness (before and after) Overall firm performance (several indicators, before and after)	Change in global industry competitiveness		Change in macroeconomic and political conditions Change in government support/ involvement Change in country competitiveness

Cross-sectional Studies – De-internationalization decisions by firms, or comparison of specific groups of firms					
Export market withdrawal	Survey data Secondary data Multiple case studies	Availability and use of networks in foreign market Firm's intl. experience and market knowledge Time in market Innovation capabilities	Industry type	Disruptive events Institutional distance	Institutional factors
Subsidiary divestment		Firm's intl. experience Subsidiary mandate Strategic alignment (MNE strategy vs. country risk) Management of the MNE's portfolio of subsidiaries	Industry type	Disruptive events Institutional factors Institutional distance	Institutional factors
Backshoring		Gains expected with backshoring (flexibility, quality, knowledge retention, innovativeness, consumer response, etc.) and outcomes Firm's strategic goals Investment in technology	Industry type	Disruptive events Institutional factors Institutional distance	Improvement in manufacturing conditions in home country Technological advances in home vs host country
Complete de-internationalization		Firm's competitiveness Firm's overall performance (several indicators)	Industry type		Institutional factors

Source: developed by the authors

Table 5 – Selected Directions for Future Research

Selected Directions for Future Research	Supporting studies
De- and Re-internationalization	
• To investigate if the factors that made it possible for a born global to rapidly internationalize were still viable or had changed by the time of de-internationalization, and whether these factors played a role in this process. • To contrast the experience of successful early exporters with others that exited under similar circumstances.	Dominguez and Mayrhofer (2017); Vissak and Zhang (2016); Vissak, Francioni and Freeman (2020); Yayla et al. (2018).
• To compare the de-internationalization or market withdrawal trajectory of born globals and late internationalizers, examining the nature and types of business networks.	Deng et al. (2017); Huang et al., (2016); Vissak, Francioni and Freeman (2020).
• To analyze the role of knowledge and international experience (of different kinds) in the likelihood of exiting and re-entering, as well as the time span between these decisions.	Choquette (2019); Sandberg et al. (2019); Surdu et al. (2018); Surdu and Narula (2020); Vissak et al. (2020).
Subsidiary Divestment	
• To further investigate the impact of previous international experience (general and specific to the host country) on divestment decisions.	Arte and Larimo (2019); Schmid and Morschett (2020); Sousa and Tan (2015); Souza and Ogasavara (2018); Tan and Sousa (2015); Wang and Larimo (2020).
• To study the effects of strategic orientation/choices/ goals/mandates in defining the divestment of certain foreign subsidiaries and not of others. • To investigate the alignment between initial expectations, the strategies adopted and performance outcomes.	Getachew and Beamish (2017); Lee, Chung and Beamish (2019); Ozkan (2020); Sousa and Tan (2015).
• To expand the knowledge on subsidiary divestment beyond DMNEs to include EMNEs. • To examine the role of home country conditions in foreign divestment decisions. • To examine home and host country's institutional-related antecedents.	Arte and Larimo (2019); Schmid and Morschett (2020)
• To examine the role of industry characteristics in foreign subsidiary divestment.	Arte and Larimo (2019);
Backshoring	

• To improve the evaluation of outcomes by documenting and analyzing different performance indicators before and after backshoring.	Boffelli and Johansson (2020); Brandon-Jones et al. (2017)
• To further investigate intangible backshoring benefits, including firms' expected gains in terms of flexibility, actual and perceived quality, knowledge retention, innovativeness, consumer response, etc.	Cassia (2020); Grappi et al. (2015; 2018); Moradlou et al. (2017); Nujen and Halse (2017).
• To investigate whether or not technological changes in production processes are necessary or are just enabling conditions for backshoring companies, accounting for variations in internal and external factors.	Ancarini and Di Mauro (2018); Dachs et al. (2019); Halse et al. (2019); Lanpón and González-Benito (2019); Martínez-Mora and Merino (2020).
• To examine the role of improvement in home country conditions in bringing back production facilities.	Lampón and González-Benito (2019);
• To enhance the understanding of the current backshoring process, how it is done and what contributes to its success, including comparisons of firms that backshored insourcing and outsourcing.	Benstead, Stevenson and Hendry (2017); Boffelli and Johansson (2020).

Source: developed by the authors

2.8.1 Methodological Aspects

Longitudinal and cross-sectional approaches may both contribute to extending the present knowledge on de-internationalization. Longitudinal studies aim at understanding changes that are internal or external to the firm, and that prompt the de-internationalization decision. As for cross-sectional studies, these may focus on firms in general or they may compare specific groups of firms, such as born globals with late internationalizers, successful exporters with others that exited under similar conditions, emerging country multinationals with developed country multinationals, or firms that backshored insourcing, outsourcing, or both. Longitudinal studies are particularly useful for comparing initial conditions at the time of international market entry with those at the time that the firm partially or completely ceases it international activities. Typically, these studies use panel data from secondary sources, but data can also come from selected case studies to get a more in-depth understanding of the research issue. One problem with longitudinal studies is that researchers typically must rely on secondary sources, which do not provide all the varieties of data needed to test the many hypotheses found in the literature. Thus, key research gaps are identified, but not addressed due to lack of empirical data. When they are addressed using case studies, they can provide analytical generalizations, which may help with understanding the mechanisms behind de-internationalization, but not their incidence. Cross-sectional studies have the advantage of more flexibility in data collection, due to the possibility of using surveys, in addition to secondary data. Nevertheless, retrospective data collected by surveys often fail to capture the genuine antecedents of the phenomena of interest.

2.8.2
Firm- and Subsidiary-related variables

The impact of a firm's international experience on de-internationalization remains unclear. Authors have studied the role played by international experience and market knowledge in different aspects of de-internationalization, particularly those related to subsidiary divestment and export market withdrawal (e.g., CHOQUETTE, 2019), but also in studies concerning re-internationalization (e.g., SURDU et al., 2018). In their meta-analysis of the antecedents of foreign subsidiary divestment, Schmid and Morschett (2020) found mixed results, depending on the different operationalizations, as well as the type of experience (general or market-specific). Their findings show a positive and significant result only for market-specific experience. However, in their meta-analysis all the studies used secondary data, which do not provide fine-grained data for analyzing distinct aspects of international experience, a multi-faceted construct. Scholars need to map the conceptual domain of the construct in order to disentangle its various potential impacts on different forms of de-internationalization. In addition, experience, learning, and accumulated knowledge are also different, although related, constructs. There is no guarantee that a firm is capable of absorbing and accumulating knowledge potentially gained during the period it operated in a given market.

The role of networks in preventing or accelerating de-internationalization seems reasonably clear, but studies have not examined different types of networks, the nature of relationships with local partners, types of bonds, and for how long these relationships have lasted. In general, it seems that the lack of relational capital accelerates export market withdrawal and vice-versa. This issue, however, does not seem relevant in other manifestations of de-internationalization. Managerial perceptions also need to be further investigated, including prior expectations of subsidiary performance, perceived alignment of the strategies adopted by the firm with its original goals, and its relationship with performance outcomes. Firm innovativeness and time in the foreign market should also be examined in more depth, particularly in the case of born globals.

2.8.3
Industry-level variables

Industry-level variables have received almost no attention in de-internationalization research, as noted by Arte and Larimo (2019), even though studies have often examined firms from different industries. The exceptions are studies of backshoring that have considered technological aspects of the industry as an antecedent of these decisions. In fact, industry type should be at least a moderating variable in studies that examine a range of industries. In addition, because firms imitate others in their industry, particularly leading firms, an issue to be investigated is isomorphic behavior. If a flagship firm decides to backshore, its actions may signal to others a new strategic direction in terms of re-locating production or assembly facilities in the home country.

2.8.4
Country-level variables

The impact of host country variables on several types of de-internationalization has been amazingly difficult to grasp (SCHMID; MORSCHETT, 2020). Most research has focused on cultural distance (e.g., SOUSA; TAN, 2015; VISSAK; FRANCIONI, 2013) and country risk variables, with conflicting or non-significant results. These studies have used mostly available indexes of country risk and cultural distance to measure the constructs, but the type of operational measures used has led to nonsignificant results (SCHMID; MORSCHETT, 2020). What appears to be relevant is how managers perceive risk and cultural distance at the time of entry and at the time of the decision to exit. Indeed, there is no assurance that managerial perceptions are consistent with indexes made available by supranational organizations and other sources, reliable as they may be. Also, depending on the location of the parent company, perceptions of risk may vary substantially. Thus, there is a need to abandon old (and easy) ways of measuring country risk and cultural distance and to develop more consistent measures of managerial perceptions of these constructs. This is even more difficult if scholars intend to measure perceptions at the time of entry and time of exit. Managerial perceptions do change with experience and time in the market, perhaps substantially.

Also, only a few researchers have considered host country institutional factors and institutional distance as antecedents of de-internationalization (e.g., GAUR et al., 2019). Institutional variables may provide more interesting results, because they grasp more specific aspects of the firm's operating environment than cultural distance and country risk. Disruptive events such as financial crises, natural disasters, or health crises may force a firm to undergo partial or full de-internationalization, although firms may re-internationalize later. Additionally, if a firm decides to leave all foreign markets and ceases international activities altogether, host market conditions are probably not relevant, unless the firm operates in a single foreign market or in a set of foreign markets under similar political and economic conditions. Instead, firm, industry and home country conditions may have played a much more important role in such decision.

Scholars have largely ignored home country factors related to de-internationalization, possibly because most studies have focused on firms from one specific home country, particularly Japan and South Korea (ARTE; LARIMO, 2019). Even so, home country factors may be particularly meaningful in explaining de-internationalization of emerging market multinationals. Because these firms originate in countries with weak institutional environments, changes in home country environment, particularly in macroeconomic and political conditions and government support, may impact de-internationalization. From a different perspective, backshoring studies have examined home country issues, specifically changes in technology and improvement in home country manufacturing conditions that facilitate the re-establishment of production facilities in the home country (e.g., LAMPÓN; GONZÁLEZ-BENITO, 2019). This is a promising line of inquiry, particularly given recent geopolitical changes (KAFOUROS et al., 2021), and technology advances allowing them to be implemented. In addition, several scholars have pointed out a need to investigate as to whether or not technological changes in production processes are necessary or if they simply enable conditions for backshoring (e.g., ANCARINI; DI MAURO, 2018; Dachs et al., 2019; MARTÍNEZ-MORA; MERINO, 2020).

2.9
Final Considerations

This review contributes to the extant literature by (a) applying bibliometric and content analyses techniques to (b) a broader range of papers than previous reviews, (c) covering all the different manifestations of de-internationalization. By doing so, we were able to uncover the conceptual domain of de-internationalization, a phenomenon that has received growing attention in the field of IB, recognizing its different, although related, strands. Due to the fragmented nature of this literature, some of these research traditions do not talk with each other but evolve in a parallel way. A broader view of the literature on de-internationalization may thus help to identify commonalities that are built on diverse, yet related, contributions. Because of the different strands and theoretical perspectives in the bulk of research examined in this paper, scholars should be particularly aware of differences in construct operationalizations, since previous studies often used differing proxies for the same construct, thus making the comparison of results and the accumulation of knowledge difficult. Multidisciplinary and metatheoretical perspectives have the potential to provide meaningful advances for future research. The study also contributes by offering a broad view of the issues that have been recently addressed, allowing the suggestion of future research directions to be pursued by scholars interested in investigating de-internationalization. These are timely contributions, in light of the new wave of de-internationalization associated with recent geopolitical realignments and disruptions in global supply chains due to the pandemic and the war in Ukraine.

One limitation of the present study was the use of only one database (Scopus) to conduct the extraction of data, meaning that a few related articles may have been left out. Even so, the Scopus database yielded more results than its counterparts such as the WoS database, and there is a significant number of articles in the final database, thus enabling the research to fulfill its goals. Moreover, other relevant literature reviews have also used only the Scopus database (e.g., BARBIERI et al., 2017; LAMBA, 2021; LIM et al., 2021). In addition, other limitations derive from the bibliometric techniques used. Although it may help to reduce the subjectivity in literature reviews, it requires the intervention of the researchers to define the searching of key-words, select the most relevant work and complement the results with their outputs and thoughts. Furthermore, although some bibliometric techniques have been applied to smaller data subsets in articles with different purposes (e.g.: SÁNCHEZ-PÉREZ et al., 2021; STEINHÄUSER et al., 2021), they are usually more suitable for large datasets (DONTHU et al., 2021). Finally, our review only covered the areas of Business, Management and Accounting. Other fields such as History, Economic Geography, Economics, and Political Science examine the phenomenon using different lenses and could therefore provide interesting new insights for the extant research.

Despite these limitations, we believe the study contributes to the IB research by providing a more comprehensive approach to de-internationalization. In unifying a somewhat scattered research field and establishing the connections between the different strands, we hope we have shown that it is a multidisciplinary phenomenon that can be examined from different levels and perspectives. The study also contributes by examining the most recurring themes and providing possible avenues for future research.

3
Second Essay – Subsidiary Divestment of EMNEs: Does Home Country Matter?

3.1
Introduction

The internationalization of emerging market multinational enterprises (EMNEs) is a new phenomenon that has become more and more prominent over the last fifteen years (LUO; ZHANG, 2016). As a result, research on the topic has increased considerably, examining whether or not and if so, how the characteristics and pathways of these firms differ from traditional theories based on the trajectory of developed economy multinational enterprises (DMNEs) (BUCKLEY et al., 2002; NARULA, 2012). EMNEs have benefited from an open and global context that facilitates access to larger markets and the possibility of taking part in global supply chains and production networks (NARULA, 2012).

However, a recent trend toward de-globalization has been under scholars' radar. The scale and growth of FDI and international trade have been stagnant over the past decade, and recent events such as Brexit, the Sino-American trade war, the war in Ukraine, and the COVID-19 pandemic have triggered a redefinition of globalization (BALDWIN, 2016; LAMBA, 2021; WITT, 2019). In a de-globalizing scenario of "weakening interdependencies among nations" (WITT, 2019, p. 1054), access to global markets, capital, and supply chains becomes less available, challenging EMNEs' internationalization strategies. Luo and Witt (2021) suggest that de-globalization poses new international business (IB) risks for all MNEs, but especially for EMNEs, because their sustainability relies on building long-lasting critical capabilities in order to compete in a sophisticated global environment, and the new global landscape demands even more resilience.

The context of the present study is Latin America, which has been considered "a laboratory for extending exiting theories and models of the multinational" (CUERVO-CAZURRA, 2016). The Brazilian context in particular can be considered a fruitful locus for foreign divestment studies, considering the reduction of Latin America's outward foreign direct investment (OFDI), which has been influenced to a large extent by a decline in Brazilian outflow. In fact, from 2009 to 2021, positive FDI outflows from Brazil only occurred in 2010, 2017, 2019 and 2021 (UNCTAD, 2014, 2022). Even the year before the pandemic, the "outward investment by MNEs from developing economies declined by 10 per cent to $418 billion" (UNCTAD, 2019, p. 6), a drop driven mainly by China, Brazil, Russia, and Chile. Moreover, following a decade of economic progress, Brazil has faced serious institutional challenges since 2014. On the political scene, the country has had three different presidents from 2016 to present. Several governmental authorities and members of congress have faced corruption and money-laundering charges in the same period. The economy has deteriorated since 2014, with the country facing a recession. This political and economic uncertainty has certainly impacted domestic and foreign investments (GONDIM et al., 2017).

Such a context increases the relevance of investigating foreign divestment from the perspective of EMNEs. Research on subsidiary divestment has looked mainly at MNEs from Japan, South Korea, China and the United States (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020), while mostly overlooking home country antecedents (KAFOUROS et al., 2022). To the authors' knowledge, no study has systematically focused on home country antecedents of EMNEs' foreign divestment. Moreover, Trąpczyński's (2016) literature review on de-internationalization, a review covering 66 papers from 1981 to 2015, only mentioned one article (HRYCKIEWICZ; KOWALEWSKI, 2011) that looked at the impact of a home country crisis on the decision to divest, and it indicated that problems in the home country were a more significant determinant of divestiture than the subsidiary's performance. Three reviews on foreign divestment studies (ARTE; LARIMO, 2019; COUDONARIS et al., 2020; SCHMID; MORSCHETT, 2020) essentially ignored home country determinants of the divestment decision. Therefore, there is a dearth of literature on EMNEs' foreign divestment (PAUL; BENITO, 2018) and the home country institutional environment as divestment antecedents (KAFOUROS et al., 2022).

Using the Institutional-Based View (IBV) and Dunning's Investment Development Path (IDP) as theoretical perspectives, this study aimed at investigating whether or not home country factors have an impact on the cessation of EMNEs' foreign activities – particularly government support and varying levels of isomorphic pressures, competitiveness, market supporting institutions, and economic growth. The study addresses the following research question: To what extent does the home country economic and institutional context influence the divestment of EMNEs' foreign subsidiaries? Drawing on a longitudinal sample of subsidiaries from Brazilian companies operating in 43 countries over a 40-year period, this study performs a Survival Analysis using Cox's proportional hazard rate model to identify which home country antecedents may heighten or diminish the likelihood of subsidiaries' divestment.

The contributions of the research are threefold. First, it responds to a call for studies on foreign divestment in the context of emerging countries (PAUL; BENITO, 2018; ARTE; LARIMO, 2019), and multilatinas (CUERVO-CAZURRA, 2016) in particular, by examining the divestment of foreign subsidiaries of Brazilian multinational firms. Second, it investigates whether or not institutional characteristics of the home country environment can influence OFDI and divestment trends of EMNEs (HERNANDEZ; GUILLÉN, 2018; KAFOUROS et al., 2022). Third, it combines the IBV and the IDP as theoretical perspectives to examine de-internationalization.

3.2
Theory and Hypotheses

3.2.1
Conceptual Framework

The conceptual framework of the study (Figure 1) was based on the intersection of the IBV and Dunning's IDP as theoretical perspectives, considered a fruitful avenue for reconciling mainstream and emerging views of OFDI (Stal & Cuervo-Cazurra, 2011; Stoian & Mohr, 2016).

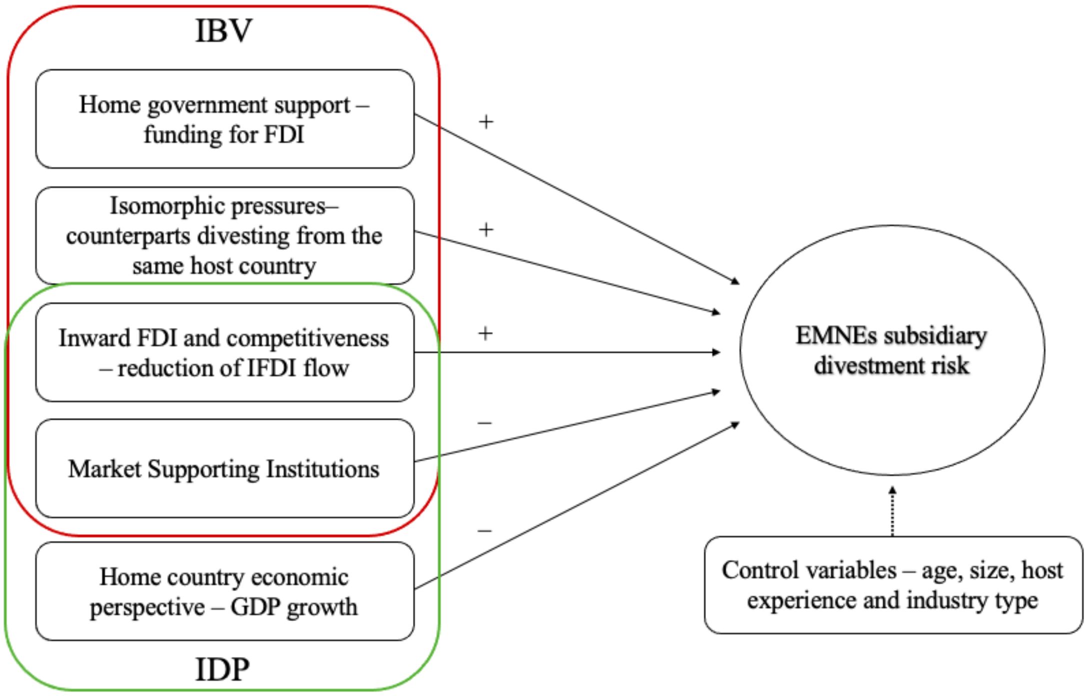

Figure 1 – Conceptual framework: Hypothesized Effects

Source: developed by the authors

The IDP (DUNNING, 1981; DUNNING; NARULA, 1996) is widely accepted as an explanation for the evolution of countries' net FDI flow and has served as a "tool to analyze the interaction between FDI and development" (NARULA; GUIMÓN, 2010, p. 202). The central argument is based on the idea that economic development makes countries move from FDI net recipients to net sources, as domestic conditions and firms become more prone to competing and serving the international market. The IDP proposes that countries usually go through stages according to their development level and propensity to be outward and/or inward direct investors. This susceptibility depends on the extent and pattern of the ownership (O), location (L), and internalization (I) competitive advantages that firms from a specific country have, in comparison to firms from other countries, according to Dunning's Eclectic OLI Paradigm. This development is not expected to be linear for all countries, as they may move backwards and forwards at times.

Institutional theory is widely used in IB research (AGUILERA; GRØGAARD, 2019). One of its theoretical strands, institutional economics, argues that formal (rules and laws) and informal (norms and behaviors) structures of an institutional environment vary significantly across countries, as do the organizational responses to these heterogeneous institutions, defining the country-level uncertainty (HOTHO; PEDERSEN, 2012; NORTH, 1992). Another strand, neo-institutionalism, proposes that organizations seek not only efficiency, but also legitimacy and conformity to shared norms, which would lead to isomorphic pressures/behavior (DIMAGGIO; POWELL, 1991; KOSTOVA; ROTH, 2002). The IBV perspective combines the assumptions of institutional economics and neo-institutionalism (SAHIN; MERT, 2022). The IBV proposes that institutions are part of the “strategy tripod,” together with the industry and resource-based views (PENG; WANG; JIANG, 2008). They interact with organizations to significantly shape the efficacy of a firm’s strategies, operations and performance (PENG, 2012).

This theoretical lens has been largely applied to the study of emerging and developing countries (HOSKISSON et al., 2000), which are constantly changing and transitioning (PENG et al., 2008). Unstable institutions hinder firms’ adaptability, increase operational costs and cause economic distress, encouraging them to move abroad to avoid the poor conditions of their home institutions (WITT; LEWIN, 2007; CUERVO-CAZURRA et al., 2018). Some scholars have used IBV to investigate foreign divestment (e.g., GAUR; LU, 2007; GAUR et al., 2019), but they have looked specifically at the host country’s institutional environment.

3.2.2
Hypotheses Development

Government Support

Although the major focus of the studies on institutional aspects affecting FDI decisions has been on host country conditions, some scholars recognize the importance of a home country’s institutions and governmental actions in shaping OFDI (e.g., CUERVO-CAZURRA et al., 2018; PENG, 2012; WEI; NGUYEN, 2017), as well as exit decisions (e.g., SOULE et al., 2014; TAN; SOUSA, 2020). The impact of home country conditions is expected to be greater on emerging economies, where government ties are often substitutes for market failure and weak institutional arrangements (HONG et al., 2015; WANG et al., 2012), and home country government support is supposed to help overcome the liability of foreignness, compensating EMNEs for a lack of adequate resources and funding in the international arena (LUO et al., 2010). However, Han et al. (2018) did not find empirical support for the hypothesis that governmental financial support from the home country positively influenced EMNEs’ foreign subsidiary performance. The authors did find significant evidence of a positive impact of non-financial government support – such as policy support and guidance – on EMNE’s overseas performance. And although Tan and Sousa (2020) found that governmental financial support reduced the likelihood of the exit of a poorly performing foreign subsidiary, their measurement of the construct accounted for factors other than credit and funding support, such as tax relief and foreign exchange policy support.

Government support and financial investments in EMNEs have been increasingly recognized as a “double edged sword” (WU; CHEN, 2014, p. 865) that can facilitate or harm OFDI. These contradictory effects originate either by privileging political, social and economic objectives (BUCKLEY et al., 2002; HONG et al., 2015) or by influencing managerial misperceptions of resource availability and risk-taking propensity (WEI; NGUYEN, 2017). This effect is contingent on the degree of state ownership and the level of institutional pressures and government interventions on affiliated firms (WANG et al., 2012).

EMNEs usually benefit from access to financial resources provided by their governments to expand abroad. However, when government support moves from aid to state-ownership, institutional pressures may lead to deviations from profit-maximizing objectives, hindering EMNEs' international trajectory (HONG et al., 2015). For instance, state-owned enterprises and companies that rely on government support show a higher risk tolerance and are more willing to develop activities and adopt higher levels of ownership in countries they would not have entered otherwise due to large institutional distance, high political risk, fragile and/or corrupt institutions, poor property rights protection, etc. (ÁVILA et al., 2015; PAN et al., 2014). Should EMNEs overlook any of those aspects and make misinformed decisions regarding where to invest, ownership arrangements, or other defining choices, chances are they will need to make changes and adjustments in the future. Therefore, one would expect that EMNEs that received government financial support to establish foreign subsidiaries would present a higher propensity to face unexpected problems down the line and withdraw their investments more easily, as a way to recalculate and correct any misconception.

Hypothesis 1. EMNEs' foreign subsidiaries that have been established with government financial support are more likely to be divested.

Isomorphic Pressures

Home country OFDI policies and regulations are also influenced by the reactivity or proactivity of internationalizing firms in a "bi-directional agency exercise" (YAN et al., 2018, p. 690). According to the IBV, decisions regarding internationalization are based on rational considerations, but are also influenced by isomorphic pressures exerted by social norms and values (KOSTOVA; ROTH, 2002) in order to gain legitimacy. Researchers have studied how isomorphic pressures may influence a firm's foreign entry and ownership choices (CHAN; MAKINO, 2007). Li and Ding (2013) found that the intensity of an EMNE's internationalization is positively affected by the levels of mimetic and normative pressures derived from the internationalization of its home country counterparts – competitors and business partners.

The institutional isomorphism argument is not restricted to the internationalization phenomenon. It is, however, particularly relevant in this case given the level of uncertainty inherent to IB, to which firms respond by adopting an isomorphic or mimetic behavior (DIMAGGIO; POWELL, 1983). To reduce the risks involved in entering foreign markets, firms may mimic domestic competitors (CHAN; MAKINO, 2007), local actors (SALOMON; WU, 2012) or their prior experiences in other markets (MOATTI, 2009). EMNEs tend to experience even higher mimetic pressures due to their fast-changing and volatile environment (LI et al., 2008), which may lead them to imitate their competitors' foreign moves (LI; DING, 2013).

Apart from imitative pressures, there are also normative pressures influencing firms' international behavior. Organizations tend to guide their behavior towards homogeneity, showing conformity to shared norms (DIMAGGIO; POWELL, 1983). The motivation to go abroad may come from partners', suppliers' and customers' engagement in internationalization, such as a client-following internationalization strategy (MAJKGÅRD; SHARMA, 1998). Researchers have extensively studied the role of networks in influencing firms' behavior during the pre- and post-internationalization phases (BEMBOM; SCHWENS, 2018). For instance, Canello (2021) reported the effect of mimetic isomorphism among small companies from the same country in terms of their offshoring and backshoring decisions. The frequency of business transactions between two countries also seems to impact firms' FDI location decisions (KANG; JIANG, 2012). Soule et al. (2014) concluded that a firm's home country political context and its relations with other indigenous companies could impact foreign divestment decisions. Therefore, one can expect the home country's OFDI context to influence EMNEs' foreign subsidiary divestment decisions, particularly when these subsidiaries are located in countries facing negative bilateral flows.

Hypothesis 2. EMNEs' foreign subsidiaries are more likely to be divested when their home country counterparts are also divesting from the same host country.

Inward FDI and Competitiveness

Although FDI inflows are generally considered a driving factor for economic growth, researchers have reported positive, neutral, negative and U-shaped relationships between these variables, which are mostly related to other economic and institutional factors (BAIASHVILI; GATTINI, 2020). As a whole, the indirect impact of FDI inflows on the internationalization of EMNEs appears to be more prominent. For instance, Kastratović's (2020) meta-analysis indicates that inward foreign direct investments (IFDI) have a positive effect on host country exports, and this effect is significantly higher for developing countries. Stoian (2013) found support for the IDP theory in emerging markets, showing that OFDI is positively associated with IFDI once local firms develop ownership advantages that can be exploited abroad.

The extant literature also recognizes that foreign capital and DMNEs typically generate knowledge spillovers that benefit local emerging market firms, increasing their productivity, developing their capabilities and proprietary advantages, and enhancing their competitive positioning in domestic and global markets (KASTRATOVIĆ, 2020; LUO; TUNG, 2007). For Luo and Wang (2012, p. 257), being exposed to inward FDI in a competitive domestic environment can "accelerate a firm's international expansion, equip firms with knowledge and expertise to operate in developed countries, and impel large-scale investments."

IFDI can also lead to higher levels of EMNEs' risk-taking behavior in their outward internationalization activity, mostly due to their ability to deal with the uncertainty inherent to global markets (LUO; BU, 2018). Because higher levels of IFDI have influenced EMNEs' foreign entry and establishment phases, it should serve as an incentive to continue their foreign investments as well. If high levels of IFDI incentivizes EMNEs' OFDI, one can expect its decrease to impact their divesting activity.

Hypothesis 3. EMNEs' foreign subsidiaries are more likely to be divested when inward FDI activity diminishes.

Market Supporting Institutions

Meyer and Sinani (2009) operationalized market supporting institutions with the level of a country's economic freedom. Economic freedom is about "personal choice, voluntary exchange, freedom to compete, and protection of persons and property," and it is defined essentially by a country's government and institutions, which may be more or less consistent with these values (GWARTNEY; LAWSON, 2003, p. 406). It requires enforceable legal systems to protect property rights and enforce contracts, access to credit and a stable currency. Conversely, economic freedom may be reduced when government actions, taxes, expenditures and regulations are defined by personal reasons, voluntary exchange and market coordination. The Heritage Foundation measures a country's economic freedom using twelve factors grouped into four pillars (rule of law; government size; regulatory efficiency; open markets) that are considered equally important to ensure the liberty of societies and its labor, capital and goods. The institute then classifies the global economies into five categories ranging from "repressed" to "free" countries. Along time, countries may vary in their level of economic freedom, that is, the extent to which their institutions are supportive of a pro-market business environment.

High-quality institutional environments are more transparent, lowering the information searching costs for internationalizing firms (LU et al., 2009). For Salehizadeh (2007), there is a positive link between a country's economic freedom, political transparency and OFDI level. High levels of government intervention and tax burden, poor enforcement of property rights, non-transparent judicial and litigation systems, poor government integrity, closed markets, and an underdeveloped financial system and factor markets in the home country can undermine EMNEs' competitiveness abroad (CUERVO-CAZURRA; GENC, 2008; CUERVO-CAZURRA et al., 2018; PENG et al., 2008; YAMAKAWA et al., 2008). Grellmann et al. (2022) have shown that the performance of EMNEs is sensitive to shocks from government instability and poor socioeconomic conditions, as their institutional context is less stable and robust. Emerging market governments may thus play a critical role in the global success or failure of EMNEs (Salehizadeh, 2007). Pro-market reforms (reduction of regulatory constraints, liberalization and privatization) can positively impact the growth of EMNEs by fostering competition and innovation (CUERVO-CAZURRA, 2015), as well as their propensity to expand to developed markets (WU; CHEN, 2014). In addition, EMNEs that develop uncertainty management capabilities are better prepared to deal with home country institutional voids in their internationalization process, but only when operating in markets outside their home region (CUERVO-CAZURRA et al., 2018). Nevertheless, there is still limited knowledge on the role of market-supporting institutions' influence on EMNEs' strategy and performance (AGUILERA et al., 2017).

Institutional voids in emerging markets differ from one country to another (BRENES et al., 2019), are dynamic, and their severity changes over time (BUCKLEY et al., 2010). As EMNEs rely on their strengths at home to surpass their competitive weaknesses overseas, even small changes may impact their stability and decisions (LUO; WANG, 2012). Therefore, we advance that EMNEs will be more inclined to consider divesting their foreign subsidiaries during periods when they perceive a less supportive business environment at home.

> *Hypothesis 4. EMNEs are more likely to divest their subsidiaries during periods when their home country's institutions are less supportive of the business environment.*

Economic Perspective

According to the IDP, there is a systematic relationship between the level of a country's economic development and the amount and type of investment that it receives and generates. Economic growth is generally accompanied by structural transformations that influence the development of ownership and location-related competitive advantages that domestic firms leverage to internationalize (DUNNING, 1996). Home country economic growth is both a cause and a consequence of OFDI (AMIN et al., 2022). OFDI was found to be positively associated with emerging markets' economic development and market size (LIU et al., 2005; STOIAN, 2013).

EMNEs may tend to attach more importance to maintaining their home market share than their international positions, thus placing greater strategic focus and investment commitment in the domestic market (DAWAR; FROST, 1999). As competition at home becomes more aggressive due to the presence of foreign competitors, EMNEs face the challenge of preserving their domestic position. When the home economy is thriving and the domestic situation is stable, they can focus on maintaining or expanding their international business (LUO; WANG, 2012). On the other hand, when the home country's economic situation is deteriorating, they may direct most of their efforts to sustaining their domestic position and end up ceasing their foreign operations.

Hypothesis 5. EMNEs are more likely to divest their subsidiaries when their home country's economic perspective is negative.

3.3 Method

To test the research hypotheses, the study used an existing database with a primary data collection combined with secondary data from several sources.

3.3.1 Data Collection and Sample

The database consisted of primary data collected from 183 Brazilian foreign subsidiaries established between 1978 and 2012. It was originally designed for a study regarding the influence of institutional factors and firm characteristics on subsidiary ownership modes (ÁVILA, 2015). Although all subsidiaries are affiliates of Brazilian multinationals, they have been established in forty-five different host countries. Data on the current state of those subsidiaries (divested or not, and year of divestment) were obtained either via secondary information available on company websites, or via e-mail and telephone contacts. The sample did not include trading companies, airlines, logistic suppliers or other international service providers. It also excluded engineering/construction companies whose foreign activities are temporary. Approximately 30% of the subsidiaries in the sample have been divested over the last couple of decades, a number higher than in most similar studies (e.g., SARTOR; BEAMISH, 2020; SONG; LEE, 2017), which contributed to enhancing the sample's statistical power in survival analysis (TABACHNICK; FIDELL, 2007).

3.3.2
Statistical Approach

This research applies Cox's proportional hazard rate model as an event history analysis methodology, which computes the probability of a subsidiary exit conditioning the hazard of all other subsidiaries at risk (COX; OAKES, 1984). This statistical method has been employed by most studies on subsidiary divestment and survival over the past years (SCHMID; MORSCHETT, 2020). Since it accounts for both the event (divested or not) and duration (time span between establishment and divestment) as dependent variables, it is considered to be a better fit for survival/death datasets because it corrects the problems of censored data and aging effects on subsidiary dissolution (JONES; BRANTON, 2005).

As for statistical issues that might hinder the use of the Cox model, subsidiaries that were still in existence at the end of the period examined in this study were treated as right-censored (CLEVES et al., 2016). In addition, left-censoring was not considered problematic, since subsidiaries in the sample were established from the 1970s on, and Brazil did not have a considerable flow of OFDI before that period. The proportionality of hazards assumption was tested by analyzing variables' partial residual scatterplots and by introducing T_COV interactions with each covariate in SPSS COXREG (TABACHNICK; FIDELL, 2006). Thus, the assumption was not violated.

The model estimates the impact of the independent variables on the hazard ratio of subsidiary exit as follows:

$$h_i\,(t) = h_0\,(t)\,\exp(\beta_1\,\chi_{i1} + \beta_2\,\chi_{i2} + \ldots + \beta_k\,\chi_{ik})$$

where $h_i\,(t)$ is the dependent variable denoting foreign subsidiary hazard rate *i* exiting from the host country at time *t*; $h_0\,(t)$ is the baseline hazard function; χ_{i1} to χ_{ik} denote independent variables and β_1 to β_k are the estimated coefficients. A significant positive coefficient indicates that an independent variable is associated with an increased probability of divestment.

3.3.3
Operationalization of Variables

The dependent variable is computed as the Instant hazard ratio based on both event dummy (1=divested; 0=not divested) and duration (subsidiary's divestment year - subsidiary's establishment year). Divestment was considered to be total or partial withdrawal from the host country (Benito & Welch, 1997) via sellouts or activity termination (HENNART et al., 1998). The independent and control variables are described in detail on Table 1, which provides the variables' definitions, measurements, data sources, and previous studies that used similar operationalization.

Table 1 – Independent and Control Variables

Variables	Definitions and measures	Source	Previous studies
Independent Variables			

Government support	Financial government support or (partially) state-owned (1: yes, 0: no)	BNDES	Han et al. (2018); Wu and Chen (2014)
Institutional Isomorphism	Lagged three-year average of OFDI to each host country (% of Brazil's total OFDI stock)	International Trade Center	Kang and Jiang (2012); Canello (2021)
Economic perspective	Lagged three-year average of GDP per capita growth (annual %, based on constant local currency)	World Bank Data	Alcântara et al. (2016); Stoian and Mohr (2016)
Inward FDI	Lagged three-year average of FDI net inflows (% of GDP)		Kastratović (2020)
Market Supporting Institutions	Average of Property rights; Government integrity; Government spending; Tax burden; Business freedom; Labor freedom; Monetary freedom; Trade freedom; Investment freedom; and Financial Freedom indexes in divestment year	Economic Freedom Index – The Heritage Foundation	Demirbag et al. (2011); Meyer and Sinani (2009)
Control variables			
EMNEs' age	2021 – year of founding		Lu and Xu (2010)
Host country experience	1: the company had experienced exporting, licensing or establishing FDI in the host country; 0: the company had never experienced exporting, licensing or establishing FDI in the host country		Delios and Beamish, 2001; Gaur and Lu, 2007; Pattnaik and Lee, 2014
Parent company size	Gross operational income	Primary data	Berry (2010); Song (2015)
Industry type	1: manufacturing; 0: service		Sartor and Beamish (2020)

Source: developed by the authors

The variable "Government support" indicated if the company had received governmental financial support to foster the establishment of the foreign subsidiary in question, either by receiving funding from the Brazilian Economic and Social Development National Bank (BNDES) or by being (partially) state-owned. The variable representing institutional isomorphism used an average of lagged values from the subsidiary divestment year (t – 1, t – 2, and t – 3) to account for the timespan required so that companies could feel the effects of economic shifts and investment flows (KASTRATOVIĆ, 2020). Lastly, the market supporting institutional variable was computed with the available data on factors that comprise the Economic Freedom Index from the Heritage Foundation. The intention was to control for parent company characteristics that are frequently studied as antecedents in foreign divestment research, such as age, size, previous international experience specifically in the same host country of the subsidiary at issue, and industry type**.**

3.4
Results

Descriptive statistics and the correlation matrix for the main variables are summarized in Table 2. Multicollinearity among covariates was not a concern, as initial communalities of Squared Multiple Correlations ranged below 0.655 and Variance Inflation Factor (VIF) values were all less than 1.370 (TABACHNICK; FIDELL, 2006). Table 3 depicts the results of the hypothesized relationships. Model 1 has only control variables, Model 2 includes the home country's support, Model 3 incorporates the home country's institutional characteristics, and Model 4 adds the home country's economic context and market supportiveness. Based on the likelihood ratio chi-square, all four models are statistically significant and fit the data well.

Hypothesis 1 predicts that EMNE foreign subsidiaries that were established with their home country's governmental financial support are more likely to be divested. H1 was supported in all three models ($\beta_1 = -0.835$, $p < 0.05$; $\beta_2 = -0.952$, $p < 0.05$; $\beta_3 = -0.707$, $p < 0.10$). Hypothesis 2 posits that foreign EMNE subsidiaries are more likely to be divested when their home country counterparts are also divesting from the same host country. H2 received only partial support (by Model 4, when the home country's economic context was also accounted for ($\beta_4 = -0.088$, $p < 0.10$). Hypothesis 3 addresses EMNEs' level of global competitiveness influenced by IFDI, stating that their foreign subsidiaries are more likely to be divested when IFDI diminishes. In fact, Models 3 and 4 showed large negative β signs and significant coefficients ($\beta_3 = -4.424$, $p < 0.001$; $\beta_4 = -2.754$, $p < 0.001$). Therefore, H3 was supported. Hypothesis 4 predicts that emerging markets' level of market supporting institutions influences the divestment likelihood of foreign subsidiaries, diminishing divestment risks. H5 was strongly supported by Model 4 ($\beta_4 = -0.887$, $p < 0.001$). Finally, Hypothesis 5 states that the emerging market's economic perspective, measured by GDP per capita growth, negatively influences subsidiaries likelihood of divestment. H4 was not supported by Model 4 ($\beta_4 = 0.169$, $p > 0.10$).

As for control variables, a parent company's age was negatively related to subsidiary divestment in Models 1 and 2 ($\beta_1 = -0.018$, $p < 0.01$; $\beta_2 = -0.015$, $p < 0.05$); EMNEs with previous host country experience presented less risk of divesting their subsidiaries in all Models ($\beta_1 = 0.703$, $p < 0.05$; $\beta_2 = 0.805$, $p < 0.01$; $\beta_3 = 0.584$, $p < 0.10$; $\beta_4 = 0.702$, $p < 0.05$); and manufacturing EMNEs presented higher divestment risk than service ones in Models 1 and 2 ($\beta_1 = 0.682$, $p < 0.10$; $\beta_2 = 0.658$, $p < 0.10$). The parent company's size showed no significant influence on foreign subsidiary exit (Table 3).

Following similar studies (LEE et al., 2019; PATTNAIK; LEE, 2014), the results' robustness was confirmed by rerunning the analysis with three, two and one-year lagged values of all independent variables, apart from government support. Results were qualitatively similar and are reported in Appendix B – Table 1. Also, given the somewhat counterintuitive results regarding the home country's economic perspective, the analysis was rerun with other similar proxies available for economic growth in the World Bank Data (per capita, at market prices, based on current or constant local currency). Results for the variable remained consistent (see Appendix B – Table 2).

Table 2 – Descriptive statistics and correlation matrix

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Divestment	0.31	0.464	1									
2. Age	55.12	28.316	**-0.176**	1								
3. Size	0.902	0.2986	0.064	**0.113**	1							
4. Previous Experience	0.7	0.46	**-0.203**	***0.233***	0.064	1						
5. Industry Type	0.23	0.425	0.045	***-0.265***	**-0.206**	***-0.311***	1					
6. Government Support	0.11	0.32	***0.239***	***-0.224***	0.061	-0.049	0.043	1				
7. OFDI Isomorphism	2.227	3	0.007	-0.088	-0.062	0.074	**0.187**	0.073	1			
8. IFDI Competitiveness	3.63	0.2127	***-0.465***	0.139	0.039	**0.18**	0.038	**-0.137**	-0.011	1		
9. Market Supporting Inst.	58.467	1.3402	***-0.767***	**0.193**	-0.039	0.082	0.009	**-0.174**	-0.042	***0.367***	1	
10.Economic Perspective	-0.8012	0.744	**-0.199**	-0.009	-0.02	-0.033	-0.011	**0.16**	0.068	**-0.142**	***0.32***	1

Bold p-value < 0.05; Bold and italics p-value < 0.001
Source: developed by the authors

Table 3 – Results of Cox Proportional Hazard Model Analysis

	Model 1			Model 2			Model 3			Model 4		
MNE Characteristics	B	SE	p-value	B	SE	p-value	B	SE	p-value	B	SE	p-value
Age	-0.018	0.006	0.005	-0.015	0.006	0.017	-0.006	0.007	0.333	0	0.007	0.95
Size	-0.391	0.524	0.455	-0.384	0.523	0.462	-0.599	0.536	0.264	-0.563	0.559	0.314
Previous experience	0.703	0.292	0.016	0.805	0.293	0.006	0.584	0.308	0.058	0.702	0.339	0.038
Industry type	0.682	0.358	0.057	0.658	0.353	0.062	0.055	0.366	0.88	-0.368	0.363	0.311
Home Country Support												
Funding for subs. establishment				-0.835	0.326	0.011	-0.952	0.343	0.005	-0.707	0.385	0.066
Home Country Institutional Factors												
OFDI Isomorphism							-0.063	0.048	0.183	-0.088	0.048	0.063
IFDI Competitiveness							-4.424	0.541	0.000	-2.754	0.603	0.000
Home Country Economic Context												
Market Supporting Institutions										-0.887	0.138	0.000
Economic Perspective										0.169	0.189	0.372
Model chi-square		15.313			22.786			171.419			238.823	
Model chi-square/df		3.828			4.557			24.488			26.536	
Model p-value		0.002			0.000			0.000			0.000	

A negative (-) B sign means less divestment likelihood

Source: developed by the author

3.5
Discussion

The results supported the theoretical assumption that government financial support can be a “double-edged sword” (WU; CHEN, 2014). Despite being an important incentive, EMNEs that received government financial support to establish foreign subsidiaries showed higher divestment rates than others that had not received such support. Although government financial support might be enabling or even a necessary condition for EMNEs to overcome liabilities and start to compete in the international arena (LUO et al., 2010), it is not a long-term guarantee of positive results and good performance (Han et al., 2018). As it can lead to managerial misperceptions (WEI; NGUYEN, 2017), or privileging governmental objectives over profit-maximizing ones (HONG et al., 2015), this specific type of “support” can result in unexpected situations, where the EMNE finds itself in a position to retract and re-think its previous investments. These findings have clear implications for policymakers, government funding agencies and banks interested in fostering EMNEs going global. Other mechanisms could be more efficient for such purposes and should also be considered, such as tax relief, foreign exchange policy support, and guidance throughout the internationalization process (HAN et al., 2018; TAN; SOUSA, 2020).

The study also found empirical support for the impact of normative and mimetic pressures EMNEs face at home that can stimulate isomorphic behavior in international activities (LI; DING, 2013). Those pressures are potentially more relevant during the early stages of their foreign direct investment, when top management is unsure about commitment decisions and thus relies more on role models provided by their counterparts (CANELLO, 2021). Nevertheless, the study’s findings suggest that EMNEs’ divesting decisions are also impacted by the level of their home country counterparts’ foreign subsidiary activity. When an EMNE’s domestic suppliers, clients, or competitors have ceased to do business in a country, or when their business activities are considerably reduced, top management will tend to reconsider its firm’s investments in that same country. Thus, firms mimic their counterparts in their divestment decisions, regardless of whether or not this movement is tied to a host country incident. What happens in the home country matters, as the ideas and beliefs diffused locally can lead to isomorphic behavior and impact the divestment decision (SOULE et al., 2014). The practical implication of these findings is that decision makers involved with internationalization decisions should be aware of such pressures, regardless of whether there are or are no solid reasons to divest a subsidiary.

As for the level of IFDI in the home country and its impact on EMNEs’ subsidiary divestment, the results support the predictions of both the IDP and the IBV perspectives. Indeed, when there is a reduction of IFDI activity, the likelihood of foreign divestment increases. Apart from the influence that IFDI has on indigenous firms’ competitiveness (LUO; WANG, 2012) and de-internationalization decisions, other factors may influence these results. Because the level of IFDI influences EMNEs’ risk-taking behavior (LUO; BU, 2018), firms may interpret a drop as a trigger to stay alert to the international scenario and to future, short-term perspectives, leading them to reevaluate their global investment position. This type of firm behavior may be due to a perception of becoming disconnected from global value chains, thus reducing the firm’s international activity.

Economic freedom – a composite indicator of market supporting institutions – has been shown to play an important role in MNEs' decision to enter emerging markets (MEYER; SINANI, 2009), as well as EMNEs' decision to expand their operation to more advanced markets (WU; CHEN 2014). Demirbag et al. (2011) also found that economic freedom distance between home and host country positively influences subsidiary divestment. This study's results support the contention that home country institutions affect EMNEs' subsidiary divestment decisions. When EMNEs feel supported by their home country's government and institutions, and are confident in the legal infrastructure in place to protect property rights, enforce contracts, and maintain the smooth functioning of businesses, they can anticipate less trouble down the road, and are less likely to divest their subsidiaries. This is an important consideration for government agencies willing to maintain or enhance OFDI flow.

Other conclusions can be drawn from the control variables' results. Host country experience has shown to be valuable for EMNEs as they develop specific knowledge about the country's cultural and institutional environment (LUO, 1997), gain legitimacy (ZAHEER; MOSAKOWSKI, 1997) and effectively transfer their resources and strategic organizational practices across borders (DELIOS; BEAMISH, 2001). As for its relevance for subsidiary divestment, results in the literature have been somewhat contradictory. While some scholars have predicted that host country experience negatively influences subsidiary divestment (DELIOS; BEAMISH, 2001; KIM et al., 2010) and helps overcome the distance-divestment relationship (PATTNAIK; LEE, 2014), others have stated that host country experience may only be beneficial for parent companies that have a higher level of ownership in their subsidiaries (GAUR; LU, 2007). This study's results show that EMNEs with prior experience (either by exporting, licensing or establishing FDI) in the host country are less likely to divest their subsidiaries. In line with previous results (LU; XU, 2006), the parent company's age is associated with higher survival rates. As for industry, previous de-internationalization research focused on manufacturing (TANG et al., 2021), with limited results concerning service firms. Nevertheless, one study showed that, contrary to manufacturing, service activities need not be reallocated due to unsatisfactory performance (ALBERTONI et al., 2017), thus providing a plausible explanation for this study's results.

3.6
Conclusion

This study adds to the growing body of literature that considers the MNEs' home country to be an important aspect of de-internationalization (SOULE ET AL., 2014; LEE et al., 2022; TAN; SOUSA, 2020), showing that home country institutional pressures and economic conditions impact EMNEs' OFDI. Thus, this study broadens the scope of previous foreign divestment research, which had mostly focused on DMNEs and host country antecedents (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020). In addition, the study contributes to an understanding of the home country effect by combining the IDP and the IBV perspectives. To the best of the authors' knowledge, Georgopoulos et al. (2018) pioneered the use of the IDP to explain foreign divestment, and the present work is the first to combine the IDP and the IBV to analyze the effect of EMNEs' home country factors on foreign subsidiary divestment. Moreover, the study brings a novel contribution to the understanding of the internationalization process of Latin American EMNEs (CUERVO-CAZURRA, 2016) in the context of de-globalization (LUO; WITT, 2021).

Besides contributing to the literature on EMNEs and foreign divestment, the study offers some practical recommendations to EMNE managers and governmental agencies from emerging markets. We join previous studies in suggesting different avenues for encouraging OFDI from developing economies that may be more efficient than simply offering funding for subsidiary establishment (HAN et al., 2018; TAN; SOUSA, 2020). The study's results confirm the relevance of home country institutional factors to the survival of foreign subsidiaries of indigenous firms. Lastly, the study suggests that EMNE managers and decision makers should be aware of the institutional isomorphic pressures they may face in their home country context when making divestment moves.

This study has its limitations. First, all the EMNEs were from the same emerging economy, Brazil. Future divestment studies should include EMNEs from other emerging countries, as well as developed ones, for the sake of comparison. In addition, the sample includes a few subsidiaries from the same parent company in different locations (maximum of four subsidiaries per EMNE). Twenty-one of the divested subsidiaries were affiliated with 10 firms. Although parent characteristics were used only as control variables, this should be noted.

Future studies should also encompass other home country characteristics relevant for foreign divestment. Furthermore, home country antecedents should be analyzed together with firm, subsidiary and host country variables in order to account for how much home country aspects matter and how they interact with other relevant factors to predict foreign divestment. Other home country antecedents might also be worth investigating when it comes to emerging markets institutional context, such as corruption and transparency indexes, as well as liabilities that are inherent to EMNEs (liability of foreignness, liability of emergingness, and liability of outsidership). In addition, future studies should look specifically at factors that impact divestment decisions of firms from different sizes, particularly micro-multinationals (DIMITRATOS et al., 2014) from emerging markets.

4.
Third Essay – EMNEs' Divestment Behavior in Institutionally Uncertain Host Countries: Is there a Best Entry Strategy?

4.1
Introduction

The choice of an international entry mode strategy is considered a key decision for the foreign expansion of firms in general (HENNART; SLANGEN, 2014), and this is no different for emerging market multinationals (EMNEs) (SHETH, 2011). According to Surdu, Mellahi and Glaister (2018), most studies see EMNEs' entry decisions as a means to acquire critical resources (knowledge, experience, managerial know-how, etc.) to reposition themselves in the global arena. Accordingly, EMEs tend to favor equity-based strategies (KEDIA; GAFFNEY; CLAMPIT, 2012) such as international joint-ventures (IJVs) and acquisitions (CUI; AULAKH, 2019; GUILLÉN; GARCÍA-CANAL, 2009; LUO; TUNG, 2007). However, scholars so far have not discussed if the reasons driving EMNEs' entry strategies are consistent along the road (SURDU et al., 2018) and to what extent they may lead to future foreign divestment. In fact, although several foreign divestment and survival studies have examined MNEs' entry mode and ownership strategies (ARTE; LARTIMO, 2019; SCHMID; MORSCHETT., 2020), none of them examined EMNEs as parent companies. And since EMNEs face distinct challenges and possess a different set of capabilities than traditional MNEs (RAMAMURTI, 2012b), the logic behind their choice of an entry strategy could also be different.

Since the beginning of the century, EMNEs have expanded more consistently into both emerging and developed markets (UNCTAD, 2014; LUO; ZHANG, 2016). The host country level of institutional development and environmental uncertainty may impact entry strategies and foreign divestment decisions (MORSCHETT et al., 2010; SCHMID; MORSCHETT, 2019). Regarding the entry mode, MNEs can choose the level of commitment, control and investment necessary to handle uncertain environments (MORSCHETT et al., 2010). As for divestment decisions, their previous choice may lead to failure, or it may allow the company to make timely and deliberate decisions to either exit or hold on to their investments (BELDERBOS; ZOU, 2009; CHUNG et al., 2013). Previous research on the impact of the host country's institutional environment on foreign divestment has reached ambiguous results, with uncertain or riskier scenarios being considered both causes and barriers to exiting (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020). Ergo, there is a need to improve our understanding of the long-term impact of EMNEs' entry mode decision on subsidiary divestment, taking into account whether these subsidiaries are established in uncertain or stable host countries, that is, more or less similar to their home country institutional environment.

Therefore, this research addresses the following question: *How do EMNEs entry strategies impact their divestment decisions, considering host countries' level of institutional uncertainty?* In line with previous studies (VALDÉS-LLANEZA et al., 2021; AKDENIZ; TALAY, 2022), this research proposes that

EMNEs are better equipped to deal with and benefit from foreign entry modes that entails handling partnerships abroad; thus, wholly-owned greenfield (WOGF) investments would lead to greater divestment likelihood. In addition, EMNEs subsidiaries should thrive in institutionally challenging and uncertain environments, which have more similarities to their home country scenario (CUERVO-CAZURRA et al., 2018; GUILLÉN; GARCÍA-CANAL, 2009), than in more stable environments. In order to test these hypotheses and their interaction, a Cox's proportional hazard rate model was applied to a longitudinal database of Brazilian companies established in 43 countries.

4.2
Theory and Hypotheses Development

Entry Strategy – Local Knowledge and Legitimacy

EMNEs' choices of entry and ownership mode have been the subject of many studies, as pointed out by Surdu, Mellahi and Glaister's (2018) systematic literature review of 73 articles on the topic. According to these authors, studies drawing on the Resource-Based View and Organizational Learning Theory pose that EMNEs face difficulties in obtaining tacit resources such as knowledge, experience and managerial know-how through market transactions (SURDO et al., 2018). Such resources, however, are crucial for these firms' international performance and survival (GAUR; LU, 2007; PATTNAIK: LEE, 2014). Therefore, due to their home country institutional disadvantages or capability voids (LUO; TUNG, 2007), EMNEs tend to rely on equity-based entry strategies to acquire critical assets (KEDIA et al., 2012) in order to access strategic resources, overcome latecomers' disadvantages and better compete in the international arena.

When entering developed markets specifically, EMNEs gravitate towards collaborative modes (alliances and joint ventures) and acquisitions (either wholly or partially owned) to "gain a foothold in these markets" (CUI; AULAKH, 2019, p. 621). Gubbi et al. (2010) argue that international acquisitions do create value for EMNEs' shareholders, as they facilitate the internalization of critical resources from more advanced markets that would otherwise be difficult to obtain through market transactions, or costly to develop internally. International joint-ventures can also be a complex but effective means of obtaining such resources. Lee, Hemmert and Kim (2014) found that EMNEs tend to invest with higher ownership levels in countries with a high density of strategic assets and highly capitalized financial markets, suggesting that the strategic asset-seeking behavior of such firms influences not only their entry mode choice (LUO; TUNG, 2007) but also their international ownership strategies.

Several scholars have examined to what extent the choice of ownership strategy impacts the survival of multinational firms. Examining the survival of multinationals' subsidiaries in China, Papyrina (2007) argues that the best ownership strategy for the survival of foreign subsidiaries may be contingent on timing of entry and host countries' context. She found that IJVs had a better chance of survival than WOS if they were founded at the early stage of China's institutional reforms, but WOS would last longer than IJVs founded in the late phase of those institutional reforms. Interestingly, the rationale behind these propositions lies in the fact that "contributions provided by local partners make shared ownership an optimal entry mode strategy, whereas a relatively stable regulatory framework in the late stage of institutional reforms enables the firm to realize benefits associated with sole ownership more efficiently" (PAPYRINA, 2007, p. 73). Similarly, Battistuzzo and Ogasavara (2022), studying the survival of Japanese foreign subsidiaries, found that high regulatory distance between home and host countries decreased the likelihood of survival for WOS, but had no impact for IJV's survival, as firms would rely on their local partners to reduce the negative effects of such distance.

Some scholars have also approached the issue of MNE legitimacy and its importance to resource acquisition and subsidiary survival (LU; HÉBERT, 2006; MATA; FREITAS, 2012; ZIMMERMAN; ZEITZ, 2002). IJVs are expected to take advantage of having a local partner to achieve internal and external legitimacy and consequently increasing their chances of survival (LU; HÉBERT, 2006). In order to achieve FDI legitimacy, MNEs can adopt partially owned entry modes involving local actors (CHAN; MAKINO, 2007). This "local identity" can help them reduce the "liabilities of foreignness, motivate local cooperation, improve their local responsiveness, and thus enhance their survival likelihood" (PENG; BEAMISH, 2019, p. 16).

Lastly, some researchers argue that EMNEs would prefer and be better equipped than MNEs from developed countries (DMNEs) to deal with joint ownership modes. Valdés-Llaneza, Sánchez-Lorda and García-Canal (2021) investigated the difference in the propensity of developed country and emerging country multinationals to choose acquisitions and to form alliance networks in the host country. They found that EMNEs are indeed less concerned with relational risk when entering foreign markets than DMNEs, as they have developed an imprinted capability to manage partnerships over the course of their life. Therefore, they are more likely to enter into international collaborative projects such as IJVs or partial acquisitions rather than to choose entry modes that would give them more control but entail higher investment and risks. Furthermore, IJVs between two EMNEs or with at least one EMNEs as a partner are expected to have higher survival rates than the ones formed by two DMNEs (AKDENIZ; TALAY, 2022).

Hence, we advance that subsidiaries of EMNEs adopting joint-ownership entry modes or acquiring local assets have a higher likelihood of survival. Although EMNEs that choose joint ownership have to deal with the challenges inherent to sharing control with third parties, this choice actually enhances their survival likelihood. Likewise, if the EMNE chooses to acquire existing local firms instead of starting from scratch, it may also benefit from critical assets such as knowledge and legitimacy, diminishing divestment chances.

H1. EMNEs are less likely to divest their foreign subsidiaries when choosing partially-owned entry modes or acquiring existing firms.

Host Institutional Uncertainty

Divestment studies have focused on a number of host countries characteristics that can improve or diminish subsidiaries' chances of survival (e.g., FERNANDÉZ-MÉNDEZ; GARCÍA-CANAL; GUILLÉN, 2019; GETACHEW; BEAMISH, 2017; SARTOR; BEAMISH, 2020). Nevertheless, according to Arte and Larimo's (2019) review, there is substantial ambiguity concerning the impact of the host country's institutional and economic environment on the likelihood of divestment. Likewise, Schmid and Morschett (2020, p.10)'s metanalytical study could not confirm "a significantly higher divestment probability for foreign subsidiaries located in host countries with higher country risk", indicating that "parent firms and their subsidiaries can bear and accept certain levels of country risk before taking a divestment decision." The more traditional approach posits that an unstable and changing environment could be hazardous for foreign operations (BENITO, 1997). For Berry (2013), poorly performing but parent-related subsidiaries in countries with high economic growth rates are less likely to be divested, due to positive prospects.

However, studies based on real options theory suggest that MNEs subsidiaries operating in unfavorable market environments are less likely to be divested (e.g., CHUNG et al., 2013; SONG, 2014b; SONG; LEE, 2017). Accordingly, MNEs obtain value from being operationally flexible under uncertain environments, holding on to the subsidiary in such conditions (DIXIT; PINDYCK, 1994; KOGUT; KULATILAKA, 1994) to either continue operating the subsidiary when the environment turns favorable, or to sell the business at a higher profit (BELDERBOS; ZOU, 2009). MNEs following the real options logic wish to maintain ownership of subsidiaries in crisis-stricken countries to preserve future flexibility and have the possibility to adjust and shift their value chain activities across different locations, taking advantage of uncertainty during times of crisis (CHUNG et al., 2013) and being able to enjoy sudden currency depreciations that would, for instance, lower production costs (KOGUT; KULATILAKA, 1994). Song and Lee (2017) found that vertically-integrated subsidiaries are less likely to be divested even in hostile market demand conditions, because the relationship-specific investments would cause a hysteresis effect deterring them from being divested.

Also, the host country's institutional environment can have an effect on exit barriers. According to Song (2014b), institutional exit barriers may also induce MNEs into a hysteresis effect, preventing them from appropriately responding to a changing environment situation. A host country with imposes difficulties for exiting even smaller investments, which are more flexible. Thus, "well-established markets for bankruptcies and acquisitions allow foreign subsidiaries that are exposed to unfavorably-resolved uncertainty to exercise their exit options in a timely manner" (SONG, 2014b, p. 287).

When it comes to EMNEs operating in institutionally uncertain environments, other factors may also impact the divestment decision. Differences between levels of institutional quality in home and host countries can make it difficult for the MNE to gain legitimacy (CHAN; ISOBE; MAKINO, 2008). Therefore, Cuervo-Cazurra et al. (2018) propose that companies from emerging markets with weaker institutions are more likely to invest in countries with similar institutions and achieve an advantage over firms from more developed markets, because of their knowledge on how to operate under weak institutions and high uncertainty. Indeed, EMNEs are more prevalent than DMNEs among the largest foreign firms in the least developed countries with poorer regulatory quality and lower control of corruption (CUERVO-CAZURRA; GENC, 2008). EMNEs are viewed as less sensitive to institutional weakness in host countries (ÁVILA; ROCHA, 2015; GAMMELTOFT; FILATOTCHEV; HOBDARI, 2012), not only because they have developed institutional capabilities at home to compete in challenging environments (GUILLÉN; GARCÍA-CANAL, 2009), but also due to ownership advantages such as a deep understanding of emerging market consumers' needs and an ability to meet those needs with lower cost products and services (RAMAMURTI, 2012a).

Therefore, considering the hysteresis effect under uncertain environments, institutional exit barriers in less developed markets and EMNEs propensity to thrive in host countries with similar institutional conditions (higher uncertainty levels), the following hypothesis is advanced:

H2. EMNEs are less likely to divest their subsidiaries from host countries with greater institutional uncertainty.

Interaction between Entry Strategy and Institutional Uncertainty

The interaction between entry mode choices, host country characteristics and foreign subsidiary divestment has been previously outlined by other researchers (e.g., SONG; 2014a; PENG; BEAMISH, 2014; WANG; LARIMO, 2020), given that the host countries' economic and institutional settings play an important role in MNEs' entry strategies. As previously hypothesized in H1, it is expected that EMNEs' wholly-owned greenfield investments would have less chances of surviving for a longer period of time. Considering how this assumption would interact with host countries' institutional uncertainty, we propose that the negative effect would be more prominent in host countries with higher institutional development. Countries with more developed institutional scenarios are less uncertain and therefore different from what EMNEs are familiarized at home.

Both Gaur and Lu's (2007) and Pattnaik and Lee's (2014) studies point out that home-host countries distances (in terms of economic, financial, administrative, and institutional environments) impact foreign divestment; larger distances add to the cost of doing business abroad and deteriorate survival chances. More developed institutional environments are considered to be the most distant relative to emerging markets, and the larger distance affects the likelihood of exiting wholly-owned subsidiaries more than partially-owned ones (BATTISTUZZO; OGASAVARA, 2022), once sharing control could minimize transaction costs in unknown environments.

Having experience and learning about the host environment appears to reduce the effect of home-host country distances on divestment likelihood (GAUR; LU, 2007; PATTNAIK; LEE, 2014). When entering developed economies with an asset-exploration strategy, EMNEs usually prefer entry modes that allow them to access local knowledge and/or shared resources with other firms (CUI; AULAKH, 2019; KLIMEK, 2011; LUO; TUNG, 2007; MATHEWS, 2006). Due to the high learning potential arising from international linkages with local economic actors in more advanced foreign markets (Cui & Aulakh, 2019), this strategy enables them to not only access the necessary resources and capabilities, but also to reduce the negative effect of distance between developing home country and developed host country. Indeed, Kim et al. (2021) have found that EMNEs partnering with local firms to establish an IJV in a developed market led to knowledge acquisition and an overall positive influence on their growth and profitability. Furthermore, Tsang and Yip (2007, p. 1165) corroborate that greenfield investments “will be of little help when firms are interested in resource exploration in more developed countries.” Thus,

> *H3. EMNEs are more likely to divest their WOGF subsidiaries from host countries with stable institutional environments.*

4.3 Method

To test the research hypotheses, the study used an existing database with primary information combined with secondary data from several sources.

4.3.1 Data Collection and Sample

The study made use of a unique dataset, available at the Center for International Business Research (NUPIN) at IAG Business School, The Pontifical Catholic University of Rio de Janeiro. The dataset was originally collected for a study on the influence of institutional factors and firm characteristics on subsidiary ownership modes (ÁVILA, 2015). The data covered 181 foreign subsidiaries of Brazilian multinational corporations established between 1978 and 2012 in forty-three different host countries. The sample did not include trading companies, airlines, logistic suppliers or other international service providers, and engineering/construction companies whose foreign activities are temporary. Data on the current state of the subsidiaries (divested or not, and year of divestment) were obtained in 2020 either via secondary information available on company websites, or via e-mail and telephone contacts. Approximately 30% of the subsidiaries in the sample have been divested over the last couple of decades, a higher number than in most similar studies (e.g., FARAH et al., 2022; SONG; LEE, 2017), which contributes to enhancing the sample’s statistical power in survival analysis (TABACHNICK; FIDELL, 2007).

4.3.2 Dependent Variable

The dependent variable is calculated as the Instant hazard ratio based on the event dummy (1=divested; 0=not divested) and duration (subsidiary's divestment year – subsidiary’s establishment year). Divestment was considered as total or partial withdrawal from the host country (BENITO; WELCH, 1997), either via sellouts or activity termination (HENNART et al., 1998). Observations start in 1987 and continue until an exit occurs, or they are right-censored in 2019, to avoid the bias of foreign divestment due to the Covid-19 pandemic.

4.3.3 Independent and Control Variables

Table 1 describes the independent and control variables used in the study, including the variables’ definitions, measurements, data sources, and previous studies that used similar operationalization. The first independent variable is

Subsidiary's Entry Strategy, which accounts for both entry mode (greenfield and acquisitions) and ownership strategy (wholly or partially-owned subsidiaries). The reason why those decisions were unified in one variable was to emphasize some characteristics that IJV and acquisitions have in common, in contrast to wholly-owned greenfield investments. This association has been previously used in other EMNEs and divestment studies (SONG; 2014a; VALDÉS-LLANEZA et al., 2021). Both acquisitions and IJVs with local partners are means of obtaining host country specific knowledge and legitimacy, and they may entail much of the similar challenges and risks, such as opportunism, difficulties in dealing with partners and realizing synergies, etc.

The second independent variable relates to Host Country Institutional Uncertainty. The composite risk rating from the PRS Group was used to measure the concept, as it encompasses political (100 points), economic (50 points) and financial (50 points) ratings, and it is specifically designed to reflect the assessment of institutional quality for international investors (JUDE; LEVIEUGE, 2017). The variable was computed using an average of lagged values from the subsidiary divestment year (t – 1, t – 2, and t – 3), and it was modified so that larger values represented greater uncertainty, for the sake of interpretation feasibility. Robustness tests were also performed using the Robinson Country Intelligence Index – RCII (governance, economics, operations and society measures) and the Worldwide Governance Indicator – WGI (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption) made available from the World Bank.

Control variables were included following frequently studied antecedents in divestment literature (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020), specifically EMNEs' headquarter characteristics such as age, size, previous host country experience; and host country economic characteristics – the size of the host country economy and the change in economic growth in the host country, measured by the difference between GDP growth rate at the time of entry and of the divestment, or in 2019 if the subsidiary continued to operate.

Table 1 – Independent and Control Variables

Variables	Definitions and measures	Source	Previous studies
Independent Variables			
Entry Strategy	0: Wholly-owned (more than 50% equity stakes) GF 1: Wholly and partially-owned Acquisition; Partially-owned GF (IJV)	Primary Data	Song (2014a); Valdés-Llaneza et al., (2021)
Host Institutional Uncertainty	The International Country Risk Guide (ICRG) index at divestment year or 2019	The PRS Group	Jude and Levieuge (2017); Law et al. (2014)
Control variables			
EMNEs' age	2019 – year of founding		Lu and Xu (2010)
Host country experience	1: the company had experienced exporting, licensing or establishing FDI in the host country; 0: the company had never experienced	Primary Data	Delios and Beamish (2001); Gaur and Lu (2007); Pattnaik

	exporting, licensing or establishing FDI in the host country		and Lee (2014)
Parent company size	Gross operational income		Berry (2010); Song (2015)
Host country economy size	Lagged three-year average of GDP per capita (based on constant local currency) at divestment year or 2019	World Bank Data	Gaur et al., (2019)
Change in host country's economic growth	Differences between GDP growth rate at the time of entry and divestment or 2019		Wang and Larimo (2017)

Source: provided by the authors

4.3.4 Statistical Approach and Assumptions

This research applies Cox's proportional hazard rate model for an event history analysis (COX; OAKES, 1984). This statistical method is ubiquitous in foreign divestment and subsidiary survival literature (SCHMID; MORSCHETT, 2020). It computes the probability of a subsidiary exit conditioning the hazard of all other subsidiaries at risk (TABACHNICK; FIDELL, 2006). The hazard rates are presented as log-linear functions of the various firm, subsidiary and country level covariates (KANG et al., 2017). The model estimates the impact of the independent variables on the hazard ratio of subsidiary exit as follows:

$$hi\ (t) = h0\ (t) \exp(\beta 1\ \chi_{i1} + \beta 2\ \chi_{i2} + \ldots + \beta k\ \chi_{ik})$$

where hi (t) is the dependent variable denoting foreign subsidiary hazard rate i exiting from the host country at time t; h0 (t) is the baseline hazard function; χi1 to χik are independent variables and β1 to βk are coefficients being estimated. A significant positive coefficient indicates that the independent variable is associated with an increased probability of divestment.

For divestment cases, the duration is the difference between the ending (exit) year and the starting (establishment) year. For right-censored data, or cases of non-divestment, the duration is the number of years between establishment in the country and 2019. Left-censoring was not considered problematic, since subsidiaries in the sample contains subsidiaries that were established from the 1970s on, and Brazil did not have a considerable flow of OFDI before. The proportionality of hazards assumption was tested by analyzing variables' partial residual against survival time in scatterplots, and by introducing T_COV interactions with each covariate in SPSS COXREG (SCHOENFELD, 1982; TABACHNICK; FIDELL, 2006). The assumption was not violated.

4.4 Results

Descriptive statistics and the correlation matrix for the main variables are summarized in Table 2. Multicollinearity among covariates was not a concern, as initial communalities of Squared Multiple Correlations ranged below 0.383 and

Variance Inflation Factor (VIF) values were all less than 1.649 (TABACHNICK; FIDELL, 2006). Table 3 shows the results of the hypothesized relationships. Model 1 has only control variables, Model 2 includes the Entry Strategy (H1), Model 3 incorporates the Institutional Uncertainty variable (H2), and Model 4 adds the interaction between both variables (H3). Based on the likelihood ratio chi-square, all four models are statistically significant and fit the data well.

Table 2 – Descriptive statistics and Correlation matrix

	Mean	SD	1	2	3	4	5	6	7	8	9
1. Divestment	0.30	0.46	1	***-0.246***	**-0.16**	0.089	***-0.199***	***0.203***	-0.028	-0.128	0.005
2. Tenure	13.56	7.53	***-0.246***	1	0.139	-0.047	0.071	-0.134	***0.603***	-0.097	**-0.16**
3. Age	55.39	28.36	**-0.16**	0.139	1	0.123	***0.231***	-0.07	-0.017	0.098	0.065
4. Size	0.91	0.29	0.089	-0.047	0.123	1	0.038	0.027	-0.01	**0.169**	-0
5. Previous experience	0.70	0.46	***-0.199***	0.071	***0.231***	0.038	1	***-0.257***	0.123	-0.028	-0.1
6. GDP div	2.04	2.01	***0.203***	-0.134	-0.07	0.027	***0.257***	1	0.047	-0.092	**0.152**
7. GDP dif	93.34	109.97	-0.028	***0.603***	-0.017	-0.01	0.123	0.047	1	***-0.216***	***-0.59***
8. Entry Strategy	0.50	0.50	-0.128	-0.097	0.098	**0.169**	-0.028	-0.092	***-0.216***	1	0.099
9. Institutional Uncertainty	26.64	10.75	0.005	**-0.155**	0.065	-0.003	-0.097	**0.152**	***-0.586***	0.099	1

Bold p-value < 0.05; Bold and italics p-value < 0.001
Source: developed by the author

Table 3 – Cox Proportional Hazards Rate Results

	Model 1			**Model 2**			**Model 3**			**Model 4**		
	B	EP	p-value	B	EP	p-value	B	EP	p-value	B	EP	p-value
Age	-0.015	0.006	0.013	-0.017	0.006	0.008	-0.016	0.006	0.012	-0.015	0.006	0.014
Size	-0.73	0.600	0.224	-0.967	0.611	0.113	-0.894	0.608	0.141	-0.871	0.608	0.152
Previous experience	0.173	0.296	0.56	0.126	0.298	0.671	0.102	0.298	0.733	0.107	0.297	0.718
Host GDP	0.21	0.063	0.001	0.207	0.062	0.001	0.277	0.073	0.000	0.305	0.085	0.000
Host GDP difference	-0.004	0.001	0.008	-0.004	0.001	0.002	-0.007	0.002	0.000	-0.007	0.002	0.000
Entry Strategy (partnership)				0.646	0.300	0.031	0.645	0.299	0.031	0.688	0.306	0.025
Institutional Uncertainty							-0.406	0.168	0.015	-0.474	0.204	0.020
ES x Inst. Uncert.										0.076	0.124	0.538
2 log likelihood	471.034			466.176			460.554			460.174		
Model chi-square	29.203			32.749			36.777			37.294		
Model chi-square/df	5.841			5.458			5.254			4.662		
Model p-value	0.000			0.000			0.000			0.000		

A negative (-) B sign means less divestment likelihood
Source: developed by the author

Hypothesis 1 predicts that EMNEs foreign partially-owned or acquired subsidiaries have a lower probability of being divested than wholly-owned greenfield investments. H1 was supported in all three Models (β_1 = 0.646, $p < 0.05$; β_2 = 0.645, $p < 0.05$; β_3 = 0.688, $p < 0.05$). Hypothesis 2 posits that EMNEs foreign subsidiaries established in host countries that are more institutionally uncertain are less likely to be divested. H2 received support in Models 3 and 4 (β_3 = - 0.406, $p < 0.05$; β_4 = - 0.474; $p > 0.05$). The third hypothesis, proposing an interaction between the two independent variables, states that the positive effect of institutional stability on divestment likelihood of EMNEs foreign subsidiaries would be enhanced for wholly-owned greenfield investments. H3 was not supported by Model 4 (β_4 = 0.076; $p > 0.10$). Regarding control variables, a parent company's age was negatively related to subsidiary divestment in all four models: the older the parent firm, the smaller the likelihood of divesting the subsidiary. EMNEs' size and previous experience did not show significant results. Host country's economic size and growth were also significant throughout the models.

Robustness of the results were checked by testing alternative measures to test both independent variables. A different cut-off point in determining full ownership (above 90% of equity) yielded similar results for the Entry Strategy hypothesis (PATTNAIK; LEE, 2014), as per Table 1 in Appendix C. Host country institutional uncertainty was also measured by the Robinson Country Intelligence Index – RCII and the Worldwide Governance Indicator – WGI. There were no substantial differences in the results, which are presented in Appedix C – Table 2. Lastly, due to the unexpected results referring to the interaction effect, further tests were made in separate databases according to the level of host institutional uncertainty. In both cases, for more uncertain and stable environments, wholly-owned greenfield investments had significantly more chances of being divested (see Appendix C – Table 3). Therefore, there is no evidence that the entry strategy would be more or less adequate in institutionally uncertain countries.

4.5 Discussion

The study' results show that, indeed, the divestment behavior of EMNEs may be different from what is known so far regarding entry strategy. Previous studies have focused on DMNEs, and they mainly predicted that acquisitions would be easier to exit than greenfield investments, for being less specifically designed investments and easier to sell (PARK; YOON, 2022). IJVs have also been considered more likely to be divested than majority and wholly-owned subsidiaries (SCHMID; MORSCHETT, 2020), due to difficulties in the shared management and other inconveniences. Importantly, advantages of an entry mode over another are relative rather than absolute (PAPYRINA, 2007) and may be dependent on other characteristics and circumstances (MATA; PORTUGAL, 2000; PENG; BEAMISH, 2019; TSANG; YIP, 2007). Therefore, it could be expected that multinationals coming from an emerging market country with a different institutional background and a specific set of resources, capabilities and advantages (CUERVO-CAZURRA, 2016; CUERVO-CAZURRA et al., 2018) would have different outcomes when it comes to choosing their entry mode and ownership levels.

Unlike what has been found for DMNEs in foreign divestment studies (SCHMID; MORSCHETT, 2020), our results indicate that EMNEs' subsidiaries established via acquisitions or as an IJV with a local partner have a smaller likelihood of being divested. EMNEs have been acknowledged to have know-how and an advantage on dealing with partnerships such as the ones involved in acquisitions and IJVs (VALDÉS-LLANEZA et al., 2021; AKDENIZ; TALAY, 2022), and those seem to be the safer choices for their subsidiary longevity. By establishing a partnership with a local actor, they gain access to knowledge and legitimacy advantages in the host country (CUI; AULAKH, 2019; KIM et al., 2021; MATA; FREITAS, 2012). The alternative – to establish a greenfield subsidiary on its own – might present other perks such as higher control and specificity levels, but can be considered less advantageous for emerging market firms' survival. This finding has clear implications for EMNEs' international managers and decision makers. When deciding foreign entry strategies for their subsidiaries, EMNEs should evaluate if they are following an exploration strategy (TSANG; YIP, 2022), but most of all consider their propensity and imprinted capabilities to manage acquisitions and IJVs, as well as the resources and legitimacy they may gain from local firms, once this can impact the divestment rates in the future.

The study also found empirical support for the impact of host country uncertainty on the subsidiary divestment likelihood of EMNEs, thus contributing to clarify an issue that has been considered ambiguous in the extant literature (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020). By including EMNEs in the debate, it was able to reassure the hysteresis effect when it comes to foreign divestment decisions, explained either by future earnings expectancy (BELDERBOS; ZOU, 2009) and flexibility (CHUNG et al., 2013), or as a consequence of exit barriers (SONG, 2014b). Additionally, the fact that EMNEs are less likely to withdrawal from countries with uncertain environments may as well be explained from an institutional and country-specific advantages' (GUGLER, 2017) perspective. EMNEs tend to have a higher tolerance for handling weaker and more unstable institutions (CUERVO-CAZURRA et al., 2018), as they are used to dealing with them at their home countries.

Lastly, the third hypothesis regarding the interaction effect between the two independent variables was not supported in the analysis. The expected outcome was that EMNEs' wholly-owned greenfield entrants would have even greater divestment chances in countries with a more developed and stable institutional environment, where the value of accessing local knowledge, legitimacy and shared resources with indigenous firms is more critical (CUI; AULAKH, 2019; KLIMEK, 2011; LUO; TUNG, 2007; MATHEWS, 2006). However, robustness tests showed that the divestment probabilities for EMNEs' subsidiaries were higher for wholly-owned greenfield entrants in both uncertain and stable institutional environments.

4.6
Conclusion

This study contributes to advancing research on both foreign divestment and EMNEs realms. The study's findings contradict the extant knowledge on DMNEs foreign divestment's antecedents, but they are in line with what is expected for EMNEs' FDI behavior. Previous research on foreign divestment, has been highly focused on FDI from developed countries, indicating that higher ownership levels would be beneficial (SCHMID; MORSCHETT, 2020), especially in institutionally distant countries (GAUR; LU, 2007). Our study, on the other hand, emphasizes that EMNEs, having a different set of capabilities, make different strategic choices when it comes to their entry strategy in order to improve their survival rates. Furthermore, the study also makes a contribution to the real options stream in foreign divestment literature (BELDERBOS; ZOU, 2009; CHUNG et al., 2013; SONG, 2014b; SONG; LEE, 2017), by extending their arguments to an emerging market context and delving on how EMNEs cope with institutionally uncertain environments.

These findings add to the growing body of research on EMNEs and highlight the importance of differentiating their characteristics and strategies from DMNEs (CUERVO-CAZURRA, 2016; PAUL; BENITO, 2018). Because the study uses a unique data set of Brazilian multinationals, the results contribute to the understanding of the FDI behavior of a specific group of EMNEs that had not been studied before (ARTE; LARIMO, 2019). To the best of our knowledge, the only previous study comprising foreign divestment from EMNEs was Pattnaik and Lee (2014)'s work on how cross-national distance impact Korean affiliates divestment overseas. Nevertheless, they do not approach it with an emerging market perspective.

However, the study has some limitations, the major one being that all the EMNEs were from the same emerging economy, Brazil. Additionally, the sample includes 21 subsidiaries from the same 10 parent companies, located in different countries. Although parent company characteristics were used only as control variables, this aspect of the dataset should be noted. Future studies should encompass EMNEs from other emerging contexts in order to have more generalizable conclusions, besides including other host country features that might be relevant for foreign divestment, such as cultural and institutional distances. In this research, we theorize that there are certain entry strategies and location choices for EMNEs that might diminish divestment likelihood because they might be more assertive, or lead to better outcomes, enhance performance, etc. However, it would be interesting to investigate entry strategies from another perspective, understanding how they could benefit EMNEs with strategic and less disturbing exits when they are mandatory (MANDRINOS et al., 2022) or involuntary (BENITO; WELCH, 1997), for instance.

5
Concluding Remarks

This concluding chapter aims at summing up the findings of the three essays, presenting the dissertation's main theoretical and practical contributions, its overall limitations and making some suggestions for future research on the topic of de-internationalization, specifically from an emerging market's perspective.

5.1
Theoretical and Practical Contributions

This dissertation offers some theoretical contributions, both to de-internationalization and emerging markets' literatures. The first essay provided a comprehensive map of the literature on de-internationalization, through a bibliometric analysis followed by a review of the research topics and recent theoretical perspectives adopted by previous research. Therefore, it contributes to a broader understanding of the phenomenon, offering insights into avenues for further research that will hopefully help to shape a more cohesive development of this emerging research area. The suggestions made for future research encompass three different research streams: de and re-internationalization, foreign divestment/survival and backshoring. Some of the identified gaps, namely, "to expand the knowledge on subsidiary divestment beyond DMNEs to include EMNEs", "to examine the role of home country conditions in foreign divestment decisions" and "to examine home and host country's institutional-related antecedents" were further investigated by the two following essays.

The second and third essays have a somewhat similar contributions, as they both approach the issue of foreign divestment from the perspective of EMNEs. This is relevant because, so far, research on subsidiary divestment has been focused on MNEs from United States, Japan, South Korea, and China (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020). Yet multinationals from these countries differ from those from other countries in many aspects (HERNANDEZ; GUILLÉN, 2018; NARULA, 2012). Multinationals from the United States, Japan, and to some extent, South Korea, are DMNEs. As to China, whose firms are still considered EMNEs, its uniqueness relies on its role as the second largest economy in the world and the specificities of its political, economic, and cultural environment. Beyond EMNEs, this dissertation contributes specifically to a better understanding of EMNEs from Latin America in a context of de-globalization (LUO; WITT, 2021). Multilatinas have been considered as a fruitful context for testing IB's theories (CUERVO-CAZURRA, 2016), but they are considerably less studied than EMNEs from other developing countries such as India and China (LOPEZ-MORALES, 2018).

Particularly, the second essay focuses on EMNEs' home country characteristics, adding to the novel growing body of literature that considers the MNEs' home country to be an important factor in de-internationalization (KAFOUROS et al., 2022; SOULE et al., 2014; TAN; SOUSA, 2020). It is the first foreign divestment study to combine the IDP and the IBV perspectives to analyze the effect of EMNEs' home country factors on foreign subsidiary divestment. The study's results indicate that government financial support, isomorphic indigenous pressures, IFDI and market supporting institutions can have an impact on the likelihood of EMNEs' foreign divestment, whereas the home country economic perspective seems to exert no influence on the decision. As for practical contributions, it suggests that alternative incentives (other than financial ones) may be more efficient than simply offering funding for subsidiary establishment, particularly ensuring a supportive environment for business development at home. Lastly, the study recommends that EMNE managers be aware of the institutional isomorphic pressures they may face in their home country context when making divestment moves.

The third essay's specific contributions lie in a more commonly studied, but controversial domain: MNE's entry strategy and foreign location choice in relation to foreign divestment decisions. Extant research, focused on MNEs from developed countries, mostly indicated that higher ownership levels and asset specificity would lead to less divestment (PARK; YOON, 2022; SCHMID; MORSCHETT, 2020). However, based on emerging market's FDI literature, the study's results suggest that EMNEs should make different strategic choices when it comes to their entry strategy in order to improve their survival rates. EMNEs' ability to deal with partnerships such as the ones involved in acquisitions and IJVs (VALDÉS-LLANEZA et al., 2021; AKDENIZ; TALAY, 2022) increase their capacity to access knowledge and to gain legitimacy advantages from such entry strategies more convenient than harmful. Thus, for EMNEs' subsidiary survival, wholly-owned greenfield investments would be the least advantageous choice. These findings add to the growing body of research on EMNEs and highlight the importance of differentiating their characteristics and strategies from DMNEs (CUERVO-CAZURRA, 2016; PAUL; BENITO, 2018). Additionally, the essay contributes to an ongoing discussion about host country uncertainty and foreign divestment (ARTE; LARIMO, 2019; SCHMID; MORSCHETT, 2020), supporting both real options and EMNEs' literature arguments. Indeed, institutionally challenging and uncertain host environments seem to discourage EMNEs divestment decisions.

5.2 Limitations

One of the dissertation's main contributions is offering a novel perspective on de-internationalization and foreign divestment, centered on emerging markets. Therefore, its ultimate limitation was the fact that it did not include EMNEs from different countries, mostly from other Latin-American ones. Although emerging market countries, or even countries from Latin America bear a considerable number of similarities, it is presumptuous to assume that generalizations could be made about EMNEs from different countries based on a sample of Brazilian multinationals. Those countries lack a consistent and organized database with information on EMNEs' characteristics, making it difficult for researchers to analyze and study their behavior and particularities.

5.3 Future Studies

The dissertation's first essay examines the most recurring themes in de-internationalization research, providing possible avenues for future studies. The suggestions include methodological aspects such as the fruitful potential of longitudinal and cross-sectional approaches; and the recommendation of a few firm and subsidiary related variables, industry and country level variables that were considered to be less investigated, or contradictory in previous studies. Additionally, the results include some specific suggestions, divided by the three identified streams of research: de and re-internationalization, foreign divestment/survival and backshoring. The propositions include bringing other relevant aspects of internationalization research to the de-internationalization field, such as early exporters and born globals, the role of knowledge and experience, institutions and emerging market firms, technological changes and innovation, etc. The second and third essays also make some suggestions for future research on EMNEs' foreign divestment, such as the inclusion of other institutional home country aspects that may be worth investigating (corruption and transparency indexes, other types of FDI incentives, etc.), as well as the influence of liabilities that are inherent to EMNEs on divestment likelihood (liability of foreignness, emergingness, outsidership). As for host country aspects, cultural and institutional distances might also be worth investigating when it comes to EMNEs foreign divestment.

Another fruitful approach for future studies would be to include EMNEs from other emerging and developing countries, in order to verify which antecedents holds for a more diverse set of companies and broaden the discussion. Going beyond the search for antecedents that diminish or augment foreign divestment, researchers could also investigate how they might influence on facilitating a smooth, prompt and cost-effective divestment process that minimizes the loss. In order to be able to pursue those objectives, it might be interesting to choose qualitative research methods, or quantitative analysis based on primary data collected with surveys applied to EMNEs, once they allow for the collection of deeper and more nuanced data than secondary sources available with data collected with other purposes.

6
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Appendix A: List of Articles per Cluster (Essay 1)

De-internationalization	
Cluster 1 Born Globals down the Road	Berrill & Hovey (2018); Castellões & Dib (2019); Dominguez & Mayrhofer (2017); Etchebarne & Zapata (2018); Huang et al. (2019); Vissak, Francioni & Freeman (2020); Vissak, Lukason & Segovia-Vargas (2018); Vissak & Zhang (2016a, 2016b).
Cluster 2 Export Discontinuation Patterns	Chen, Sousa & He (2019); Choquette (2019); Deng, Jean & Sinkovics (2017); Lafuente, Stoian & Rialp (2015); Onkelinx, Manolova & Edelman (2016); Sadikoglu (2015); Sandberg, Sui & Baum (2019); Trąpczyński, (2016); Vissak & Zhang (2015); Yayla et al. (2018).
Cluster 3 Re-internationalization	Surdu, Mellahi & Glaister (2019); Surdu et al. (2018); Surdu & Narula (2020).
Subsidiary divestment/survival	
Cluster 1 Subsidiary Survival	Arte & Larimo (2019); Boeh & Beamish (2015); Cassio-de-Souza & Ogasavara (2018); Dai, Eden & Beamish (2017); Fernández-Méndez, García-Canal & Guillén (2019); Gaur et al. (2019); Getachew & Beamish (2017); Håkanson & Kappen (2016); Hong (2015); Kang, Lee & Ghauri (2017); Kim (2017); Kim (2019); Lee, Chung & Beamish (2019); Meschi, Phan & Wassmer (2016); Peng & Beamish (2019); Sartor & Beamish (2020); Song (2015); Song & Lee (2017); Sun, Wang & Luo (2018); Wang & Larimo (2020); Wang & Larimo (2017); Yang, Li & Delios (2015).
Cluster 2 Divestment Strategies	Burt, Coe & Davies (2019); Coudounaris, Orero-Blat & Rodríguez-García (2020); Finnegan et al. (2019); Iurkov & Benito (2017); Iurkov & Benito (2020); Konara & Ganotakis (2020); Mohr, Batsakis & Stone (2018); Mohr, Konara & Ganotakis (2020); Nyuur, Amankwah-Amoah & Osabutey (2017); Ozkan (2020); Panibratov & Brown (2018); Procher & Engel (2018); Schmid & Morschett (2020); Silva & Moreira (2019); Sousa & Tan (2015); Tan & Sousa (2015, 2018, 2019); Wan, Chen & Yiu (2015); Zschoche (2016).
Backshoring	
Cluster 1 Backshoring Outcomes	Albertoni et al. (2017); Ancarani et al. (2015); Ashby (2016); Bailey & De Propris (2018); Brandon-Jones et al. (2017); Dachs et al. (2019); Engström et al. (2018); Fjellstrom et al. (2019); Fratocchi et al. (2015); Gharleghi et al. (2020); Grappi, Romani & Bagozzi (2015, 2018, 2020); Gylling et al. (2015); Fratocchi et al. (2016); Joubioux &Vanpoucke (2016); Kinkel (2018); Młody (2016); Mohiuddin et al. (2019); Moradlou et al. (2017); Moretto et al. (2020); Nujen & Halse (2017). Nujen et al. (2018); Robinson & Hsieh (2016); Stentoft, Mikkelsen & Jensen (2016); Stentoft et al. (2016); Talamo & Sabatino (2018); Wan et al. (2019);Zhai, Sun & Zhang (2016).
Cluster 2 Changes in the Home Country Context	Ancarani & Di Mauro (2018); Ancarani, Di Mauro & Mascali (2019); Ancarani et al. (2020); Barbieri & Fratocchi (2017); Barbieri et al. (2018); Baraldi et al. (2018); Benstead, Stevenson & Hendry (2017); Bettiol et al. (2019); Boffelli et al. (2020); Boffelli & Johansson (2020); Cassia (2020); Capik (2017); Ciabuschi et al. (2019); Dachs, Kinkel & Jäger (2019); Di Mauro et al. (2018); Fratocchi (2018); Fratocchi & Di Stefano (2020); Halse, Nujen & Solli-Sæther (2019); Johansson & Olhager (2018); Johansson et al. (2019); Lampón & González-Benito (2019); Martínez-Mora & Merino (2020); Moradlou et al. (2021); Nujen et al. (2019).

Source: provided by the authors

Appendix B – Robustness Test Results (Essay 2)

Table 1 – Independent Variables Lagged-values

	T-3			T-2			T-1		
MNE Characteristics	B	SE	p-value	B	SE	p-value	B	SE	p-value
Age	-0.014	0.007	0.045	0.005	0.007	0.475	-0.001	0.008	0.852
Size	-0.260	0.532	0.625	-0.579	0.555	0.297	-0.485	0.555	0.383
Previous experience	0.601	0.326	0.065	0.957	0.348	0.006	0.692	0.336	0.040
Industry type	-0.453	0.377	0.229	-0.023	0.390	0.953	-0.339	0.370	0.359
Home Country Support									
Funding for subs. establishment	-1.106	0.362	0.002	-1.086	0.380	0.004	-0.655	0.399	0.101
Home Country Institutional Factors									
OFDI Isomorphism	-0.013	0.049	0.790	-0.071	0.050	0.157	-0.104	0.050	0.036
IFDI Competitiveness	-1.874	0.370	0.000	-0.817	0.372	0.028	-0.810	0.332	0.015
Home Country Economic Context									
Market Supporting Institutions	-0.888	0.151	0.005	-0.912	0.120	0.000	-1.139	0.134	0.000
Economic Perspective	0.026	0.178	0.882	0.090	0.073	0.215	0.090	0.073	0.215
Model chi-square		151.741			146.693			154.676	
Model chi-square/df		16.860			16.299			17.186	
Model p-value		0.000			0.000			0.000	

A negative (-) B sign means less divestment likelihood
Source: provided by the authors

Table 2 – Economic Perspective – different GDP measures

	Per capita USD			Constant Local Currency			Current Local Currency			Market Prices		
MNE Characteristics	B	SE	p-value	B	SE	p-value	B	SE	p-value	B	SE	p-value
Age	-0.001	0.007	0.937	0.000	0.007	0.957	-0.001	0.007	0.879	-0.002	0.007	0.830
Size	-0.567	0.561	0.312	-0.567	0.561	0.327	-0.521	0.563	0.355	-0.616	0.558	0.270
Previous experience	0.719	0.337	0.033	0.719	0.337	0.037	0.760	0.331	0.022	0.803	0.340	0.018
Industry type	-0.379	0.368	0.303	-0.379	0.368	0.283	-0.246	0.364	0.499	-0.266	0.378	0.481
Home Country Support												
Funding for subs. establishment	-0.671	0.418	0.109	-0.627	0.418	0.134	-0.740	0.365	0.043	-0.860	0.370	0.020
Home Country Institutional Factors												
OFDI Isomorphism	-0.089	0.048	0.062	-0.091	0.048	0.057	-0.076	0.047	0.101	-0.077	0.048	0.114
IFDI Competitiveness	-2.694	0.689	0.000	-2.588	0.692	0.000	-2.497	0.667	0.000	-2.979	0.546	0.000
Home Country Economic Context												
Market Supporting Institutions	-0.888	0.151	0.000	-0.906	0.149	0.000	-0.880	0.126	0.000	-0.801	0.138	0.000
Economic Perspective	0.095	0.130	0.467	0.119	0.126	0.345	0.086	0.066	0.193	0.030	0.072	0.673
Model chi-square		235.213			235.905			236.742			233.751	
Model chi-square/df		26.135			26.212			26.305			25.972	
Model p-value		0.000			0.000			0.000			0.000	

A negative (-) B sign means less divestment likelihood
Source: provided by the authors

Appendix C: Robustness Tests Results (Essay 3)

Table 1 – Robustness Results – Entry Strategy cut-off points

	> 50% equity			> 90% equity		
	B	EP	p-value	B	EP	p-value
Age	-0.015	0.006	0.014	-0.014	0.006	0.020
Size	-0.871	0.608	0.152	-0.813	0.607	0.180
Previous experience	0.107	0.297	0.718	0.166	0.296	0.574
Host GDP	0.305	0.085	0.000	0.292	0.085	0.001
Host GDP difference	-0.007	0.002	0.000	-0.007	0.002	0.000
Entry Strategy	0.688	0.306	0.025	0.558	0.288	0.053
Institutional Uncertainty	-0.474	0.204	0.020	-0.458	0.203	0.024
ES x Inst. Uncert.	0.076	0.124	0.538	0.050	0.123	0.687
2 log likelihood		471.034			461.639	
Model chi-square		37.294			35.987	
Model chi-square/df		4.662			4.498	
Model p-value		0.000			0.000	

A negative (-) B sign means less divestment likelihood
Source: provided by the authors

Table 2 – Robustness Results – Alternative Host Institutional Uncertainty Measures

	RCII			WGI		
	B	EP	p-value	B	EP	p-value
Age	-0.014	0.006	0.025	-0.017	0.006	0.008
Size	-0.945	0.608	0.120	-0.926	0.608	0.128
Previous experience	0.157	0.299	0.598	0.117	0.298	0.694
Host GDP	0.239	0.075	0.002	0.255	0.082	0.002
Host GDP difference	-0.007	0.002	0.000	-0.006	0.002	0.001
Entry Strategy	0.693	0.309	0.025	0.665	0.310	0.032
Institutional Uncertainty	-0.244	0.121	0.043	-0.416	0.254	0.101
ES x Inst. Uncert.	0.088	0.137	0.524	0.025	0.122	0.838
2 log likelihood		461.337			463.122	
Model chi-square		35.709			34.106	
Model chi-square/df		4.464			4.263	
Model p-value		0.000			0.000	

A negative (-) B sign means less divestment likelihood
Source: provided by the authors

Table 3 – Robustness Results – Host Institutional Uncertainty Level Split Samples

	Host Inst. Uncertain			**Host Inst. Stable**		
	B	EP	p-value	B	EP	p-value
Age	-0.013	0.008	0.131	-0.017	0.012	0.163
Size	-1.501	1.054	0.154	0.817	0.537	0.128
Previous experience	0.408	0.413	0.324	-1.059	0.811	0.192
Host GDP	0.010	0.004	0.020	0.003	0.002	0.200
Host GDP difference	-0.002	0.007	0.783	-0.013	0.003	0.000
Entry Strategy	0.786	0.383	0.040	1.152	0.545	0.034
Institutional Uncertainty	-0.065	0.034	0.057	-0.042	0.077	0.585
2 log likelihood		244.169			127.866	
Model chi-square		17.854			24.651	
Model chi-square/df		2.550			3.521	
Model p-value		0.017			0.000	

A negative (-) B sign means less divestment likelihood
Source: provided by the authors