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Foreign Divestment by Multinational Corporations

Three Essays on its Drivers

Dissertation

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Mit der Annahme einer Dissertation beabsichtigt die Wirtschaft- und Sozialwissenschaftliche Fakultät der Universität Freiburg nicht, zu den darin enthaltenen Meinungen des Verfassers Stellung zu nehmen. (Fakultätsbeschluss vom 23. Januar 1990)

To my dearest parents,
who always believe in me,
and to whom I owe everything I have and everything I am.

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Abstract

Multinational corporations' (MNCs') internationalization behavior has been extensively examined in recent decades, with most studies focusing on foreign expansion. However, MNCs' internationalization is rarely a linear forward-moving process; more often, it involves both cycles of expansion and cycles of backward movement, including the divestment of foreign subsidiaries and even complete withdrawals from foreign markets. A better understanding of international business thus requires the study of both expansion and divestment. The present thesis follows this premise and investigates the drivers of foreign divestment through three separate studies.

Study 1 is a meta-analytic study of the drivers of foreign subsidiary divestment. It clarifies ambiguous findings in the existing literature by integrating the results for 18 drivers from 45 studies. It identifies ten drivers that significantly affect the likelihood of foreign subsidiary divestment, while showing that the effects of the remaining eight drivers frequently investigated in the literature are inconclusive. It also shows that subsidiary-level drivers have stronger effects on divestment likelihood than those operating at the parent-firm or host-country level. Finally, this study provides evidence for the greater explanatory power of the resource-based view and transaction cost approach compared to that of organizational learning theory or institutional theory to explain foreign divestments.

Study 2 takes an embedded single case-study approach and investigates the drivers leading to all 32 market exits of the 50 largest grocery retailers in Europe between 2014 and 2018. It demonstrates that for most exits, combinations of multiple interrelated drivers at the subsidiary level, the host-country level, and the parent level have a joint influence on retailers' decisions to exit foreign markets. Using the configurational approach, the study identifies exemplary combinations of market exit drivers that occur frequently and proposes five archetypes of such combinations.

Study 3 are longitudinal multiple case studies that explore the foreign market exit behavior of the ten largest store-based retailers in the world between 2005 and 2020. The study investigates whether the long-term exit behavior of retailers is idiosyncratic; is best explained from a corporate strategy (CS) perspective; or follows industry-wide common patterns, best explained from an industrial organization (IO) perspective. The findings suggest the CS perspective to be most appropriate to explain retailers' heterogeneous long-term market exit behavior but show that some common patterns across the retailers' market exit behavior require taking an IO perspective.

Finally, the present thesis concludes that there is still much room for further investigation of foreign divestment and discusses persisting research gaps and their implications for further research.

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List of Abbreviations

CS	Corporate Strategy
FDI	Foreign Direct Investment
IJV	International Joint Venture
IO	Industrial Organization
IP	Internationalization Process
KBV	Knowledge-based View
MASEM	Meta-analytical Structural Equation Modeling
MNC	Multinational Corporation
OLI	Ownership, Location, Internalization
OS	Organizational Studies
QCA	Qualitative Comparative Analysis
RBV	Resource-based View
ROT	Real Options Theory
SEM	Structural Equation Modeling
TCE	Transaction Cost Economics
WOS	Wholly-owned Subsidiary

1. Introduction

Just as multinational corporations (MNCs) acquire, build, and expand their foreign operations, they sell, downscale, and close them. Boddewyn (1983, p. 27) compared foreign expansion to a hopeful affair, such as a marriage, and foreign divestment to something painful, yet sometimes necessary, such as a divorce. The overarching aim of this thesis is to shed light on *why* MNCs divorce from their foreign operations.

More than forty years ago, researchers started investigating foreign divestment (e.g., Boddewyn 1979a; Torneden 1975), defined as the liquidation or the sale of foreign subsidiaries by MNCs (e.g., Hennart et al. 1998; Mata and Portugal 2000; Song 2014b). In their seminal studies on the magnitude and factors of foreign divestments, they concluded that foreign divestments are "an unmistakable fact and a growing practice" (Boddewyn 1979a, p. 26) and that "their occurrence rate is not likely to be insignificant in the foreseeable future" (Torneden 1975, p. 5). They recognized foreign divestments as an integral part of MNCs' internationalization process, characterized by periods of expansion and periods of backward movement. These authors paved the way for what has now been decades of research in this field.

Over the years, several studies have highlighted the relevance of foreign divestments by reporting their magnitude in general and in the retail sector. For example, while Benito (1997) found that more than 50 percent of foreign subsidiaries of Norwegian firms were divested within ten years, Berry (2013) provided an indicative divestment rate of 22 percent for subsidiaries of US firms within 15 years. A recent OECD study based on data of 62,000 foreign subsidiaries globally found one out of five foreign subsidiaries was divested within eight years, accounting for 17 percent of the divesting MNCs' sales and 23 percent of their employees (OECD 2020). Considering the continued effects of the Covid-19 pandemic, many CEOs expect divestment plans to be accelerated and the number of divestments to increase in the near future (EY 2021).

In the retail-specific research field, Burt et al. (2004) found an indicative market exit rate of 44% for European retailers within 50 years. As will be explored in a later section of the present thesis (see Study 3), the ten largest global retailers had 43 foreign market exits between 2005 and 2020. For example, the French retailer Carrefour alone withdrew from 22 foreign markets in this period. Other authors have discussed high-profile instances of retailers exiting international markets across various decades and retail sectors (e.g., Bianchi and Arnold 2004; Burt et al. 2002; Christopherson 2007). The most prominently discussed market exits are those undertaken by Walmart, Tesco, Marks & Spencer, The Home Depot, and Carrefour (Burt et al. 2008).

Foreign divestment bears a high practical relevance for managers. Divestments are major events in MNCs' internationalization strategies and have critical implications for the

divested subsidiaries and the divesting MNCs, including implications for their performance and the value they hold for shareholders (Arte and Larimo 2019; Berry 2010).

In a recent study, Borga et al. (2020) found divested subsidiaries (in this case, subsidiaries acquired by local firms) experience on average 28% lower sales, 24% lower added value, and 13% lower employment than subsidiaries that stay foreign-owned. When Thyssen-Krupp sold its loss-making steel plants in the US (2013) and Brazil (2016), it recorded around EUR 1.5 billion in write-downs to end what had been a costly decade-long attempt to break into the American markets (Financial Times 2013; Reuters 2017). Another example of a seemingly expensive divestment comes from UK-based retailer Tesco: after years of struggle in Japan, where it never reached more than 1% market share and took considerable losses, Tesco spent GBP 40 million exiting the country, since it had to restructure its business prior to selling it for a symbolic sum (The Telegraph 2012).

Studying foreign divestment is not only important because it has repercussions at the level of MNCs and their subsidiaries but also because, by extension, it has repercussions at the host-country level. Foreign divestments affect local communities and local economies. For example, when Bosch of Germany divested its production plant in Wales to transfer production to Eastern Europe in order to save on production costs in 2011, 900 workers in the region lost their jobs (The Guardian 2010). Indeed, divestment rates of international ventures are viewed as an indicator of the economic and business climate in a country (Dhanaraj and Beamish 2009).

Additionally, subsidiaries that are divested through sell-off can theoretically lose access to MNCs' resources, including tangible and intangible capabilities. Consequently, this would mean that host countries can potentially be deprived of certain benefits related to foreign direct investment (FDI) (Belderbos and Zou 2006; McDermott 2010). Business leaders and policymakers alike can thus benefit from knowing why MNCs divest, how they divest, and what the outcomes of these actions are.

However, much of the international business literature has focused on international expansion, including the extent and motives thereof; research into foreign divestment still lags far behind in comparison (Burt et al. 2019; Tan and Sousa 2019). There is still much we do not know about how divestment fits into a firm's broader strategy of growth. This gap can partly be explained by the fact that foreign divestment is frequently seen as a sign of entrepreneurial weakness and a confession of failure, making it a sensitive topic for firms to discuss (Alexander et al. 2005; Benito and Welch 1997; Burt et al. 2003; Cairns et al. 2008; Palmer 2004). In fact, data collection is a significant issue in all studies on foreign divestment. Authors conducting studies in the field report significant difficulties in collecting data or securing access to management to discuss foreign divestments (e.g., Benito 1997; Palmer 2004). Burt et al. (2008, p. 6) claim that "researching (foreign) divestment is thus not easy".

For the purpose of the present thesis, which is based on three studies in the field of foreign divestment, two streams of literature are pertinent. These streams are at notably different stages of development. First, emerging in the mid-1970s, the *general foreign*

divestment literature stream covers all sectors but focuses on manufacturing MNCs. It investigates drivers[1], processes, and outcomes of MNCs' divestment of foreign subsidiaries and is presented in detail in section 2.1. of this thesis. Second, emerging only in the mid-2000s, the *foreign retail divestment literature stream*, including studies that examine the peculiarities of foreign divestments in the retail sector, is presented in detail in section 2.2.

The majority of contributions within the foreign divestment field focus on drivers of divestment and the core question of why certain foreign subsidiaries face a higher risk of divestment than others (e.g., Delios et al. 2008; Dhanaraj and Beamish 2009; Mata et al. 1995). The investigated drivers stem from different levels (Berry 2010; Tan and Sousa 2020): those related to the foreign subsidiaries themselves (i.e., subsidiary-level drivers), those related to the MNCs that divest their foreign subsidiaries (i.e., parent-level drivers), and those related to the host country where the foreign subsidiaries are located (i.e., host-country-level drivers). Scholars have explored the effect of drivers at each level in a large number of empirical studies and discussed these drivers based on a variety of theoretical frameworks, including, amongst others, the resource-based view (e.g., Dhanaraj and Beamish 2009; Hebert et al. 2005), the knowledge-based view (e.g., Berry 2013; Javidan et al. 2005), the organizational learning perspective (e.g., Belderbos and Zou 2009; Hennart et al. 2002; Kim et al. 2010), the transaction cost theory (e.g., Gaur and Lu 2007; McCloughan and Stone 1998), the real options theory (e.g., Chung et al. 2013a; Dhanaraj and Beamish 2009; Getachew and Beamish 2017) and the institutional theory (e.g., Henisz and Delios 2004; Mata and Freitas 2012).

There is a broad consensus that foreign divestments differ in several aspects from domestic divestments and thus must be investigated in isolation (e.g., Boddewyn 1983; Mata and Freitas 2012). The motivations behind international expansion differ from those behind domestic expansion (Dunning and Lundan 2008), and so do the drivers for divestments. This difference is visible when comparing the drivers investigated in the domestic divestment literature with those investigated in the foreign divestment literature. The 13 drivers identified as antecedents of domestic divestment by Kolev (2016) are vastly different from the drivers considered relevant in studies on foreign divestment. Boddewyn (1983) suggests that foreign divestment decisions are less objective and fact-based than domestic divestment decisions because of MNCs' difficulty assessing and interpreting foreign subsidiaries' performance compared to that of their domestic operations. Furthermore, exit barriers might be lower in foreign markets since foreign ventures are characterized by smaller sunk costs, decreased emotional involvement of the parent firm towards the foreign subsidiary, and, especially in the manufacturing sector, the existence of alternative ways to serve the market, such as exporting or licensing. Mata and Freitas (2012) point out that MNCs are inherently footloose, providing them with greater flexibility to relocate subsidiaries compared to purely domestic companies, which cannot relocate subsidiaries internationally, even when they face pressures to do so.

[1] In Study 1, drivers are refered to as "antecedents". These two terms are used as synonyms.

When work began on this thesis in 2017, research on the drivers of general foreign divestment had proliferated for decades and was relatively advanced. The author identified 243 empirical studies investigating this subject (see Table 2.1. in section 2.1.2.1.). On closer inspection, it became apparent that, across many studies, there were significant inconsistencies regarding the effects of drivers on subsidiary divestment. For example, while some authors contended that subsidiaries in culturally distant host countries face a higher risk of divestment than those in culturally close countries (e.g., Chung et al. 2013b; Song 2014a), others contended the opposite (e.g., Delios et al. 2008; Hebert et al. 2005). Similarly, some authors (e.g., Chung et al. 2013b; Peng and Beamish 2014) found that host-country risk increases foreign subsidiary divestment, whereas others found the opposite (Bai et al. 2013; Song 2014c). A similar situation could be observed for many drivers across empirical studies, and, importantly, these contradictory results emerged from studies published in top-tier international academic journals (e.g., Journal of International Business Studies, Management International Review, Journal of World Business).

This ambiguous situation in extant literature was identified as a crucial research gap, which could potentially be addressed through a synthesis of the existing empirical evidence. Consequently, the derived research questions for the first study comprising this thesis are:

- *Do frequently investigated drivers at the parent-, subsidiary-, and host-country levels have a significant effect on foreign subsidiary divestment (i.e., is the overall effect significant)?*
- *For the drivers that have a significant effect, is the direction of their effect negative or positive?*
- *Do study-level moderators (i.e., the operationalization of the drivers) affect the results for the drivers?*

These research questions are answered in Study 1[2], which provides, for 18 driver candidates from 45 empirical articles, a descriptive overview of previous studies, theoretical arguments for the expected direction of effect, and a quantitative synthesis of the effects by means of meta-analysis.[3] Meta-analysis is more objective than a narrative literature review; it utilizes a set of methodological tools to make generalizations based on a large set of existing empirical data through quantitative comparison and combination of results (Hedges and Olkin 1985; Lipsey and Wilson 2001). This enables the determination of overall effect sizes and identification of potential moderators (Cortina 2003). The meta-analytical findings in Study 1

[2] Study 1 was published in International Business Review (IBR) as Schmid, D., & Morschett, D. (2020). Decades of research on foreign subsidiary divestment: What do we really know about its antecedents? *International Business Review*, 29(4): 101653

[3] A review article on foreign divestment drivers has been published by Arte and Larimo (2019). However, their approach and findings are complementary to Study 1. They do not quantitatively synthesize existing empirical results, and recommend to "conduct a meta-analytical study to consolidate the findings of commonly tested constructs for which the results have been heterogeneous" (Arte and Larimo 2019, p. 17).

suggest that ten drivers affect the likelihood of foreign divestment significantly. For eight of the drivers often investigated in previous research, the effects are inconclusive.

Study 1, in addition to consolidating the empirical research on foreign divestment, also uncovers major research gaps in the field and provides future avenues for research on this topic (see Study 1 for a detailed discussion of these gaps). Two of these research gaps were eventually addressed within the context of retailers' market exits in Studies 2 and 3 of this thesis; these are discussed below (see a detailed discussion of the retail-specific foreign divestment field in section 2.2.).

The first important research gap recognized in Study 1 was the tendency of previous work to focus on investigating divestment drivers in isolation from one another, despite researchers suggesting that divestments are driven by a combination of drivers simultaneously (e.g, Aklamanu 2015; Boddewyn 1979; Jackson et al. 2005; Yoder et al. 2016). A few studies have investigated the interaction between two different drivers (e.g., Berry 2013; Boddewyn 1979; Torneden 1975). Torneden (1975), for example, suggested that MNCs that are in a crisis situation are more likely to divest subsidiaries that are weakly performing than MNCs that are performing well. However, research does not go far enough in the investigation of such interaction effects and has largely neglected the study of combinations of multiple drivers. It has also failed to address how multiple drivers from different levels (i.e. the host-country level, parent level, and subsidiary level) interact dynamically to affect subsidiary divestments. This identified gap led to the formulation of the research questions for Study 2:

- *Do host-country level, parent-level, and subsidiary-level drivers interact to affect foreign exit decisions?*
- *Can recurring combinations of divestment drivers that lead to foreign divestment be identified?*

These research questions are addressed in Study 2[4], which employs an embedded single case study approach and qualitative content analysis of secondary data to investigate the drivers leading to all 32 market exits of the largest grocery retailers in Europe between 2014 and 2018. The study demonstrates that in most exits, combinations of multiple interrelated drivers at the host-country level, the parent level, and the subsidiary level have a joint influence on retailers' decisions to exit foreign markets. Furthermore, using the configurational approach, it identifies typical combinations of market exit drivers and proposes five archetypes of combinations that explain all of the exits found in the dataset.

[4] Study 2 was published in Management International Review (MIR) as Schmid, D., de Thomas Wagner, F. & Morschett, D. Archetypes of Driver Combinations Leading to Foreign Market Exit: An Investigation into European Grocery Retailing. *Management International Review* (2021). https://doi.org/10.1007/s11575-021-00449-8

A second important research gap recognized in Study 1 was the tendency of existing literature to investigate divestment episodes in isolation from one another. This approach to analyzing foreign divestment fails to address companies' long-term divestment behavior, i.e., how MNCs' foreign market exits connect over time and how they contribute to long-term change, and the effect of the long-term corporate strategy on foreign divestments (Benito and Welch 1997; Boddewyn 1979; Hennart et al. 1998). However, in strategic management, it is crucial to understand how companies behave over the long term since strategy is a longitudinal process through which companies establish and develop their competitive positions (Porter 1991; Schendel 1996). The field of strategic management is primarily characterized by two theoretical perspectives: the industrial organization (IO) perspective and the corporate strategy (CS) perspective. One of the central questions in the field is whether firms' behavior (i.e., strategy) and performance are primarily determined by industry-level or firm-level factors (Esho and Verhoef 2020; Hawawini et al. 2003; Rumelt 1991; Sun et al. 2021).

Unlike studies on international expansion, which have thoroughly explored companies' internationalization behavior over time (see Johanson and Vahlne's 1977 seminal paper), research on foreign divestment has failed to take this approach. More specifically, a systematic investigation of whether the primary drivers of MNCs' long-term strategic exit behavior are industry-level factors, best explained via an IO perspective, or firm-level factors, best explained via a CS perspective, has not yet been conducted. This identified gap led to the formulation of the research questions for Study 3:

- *Is the long-term foreign divestment behavior of retailers characterized by independent divestment episodes, or are these episodes somehow connected?*
- *Is the long-term foreign divestment behavior of retailers driven by industry-level factors, influencing all retailers in the industry homogeneously, or firm-level factors, uniquely influencing a single retailer's exit behavior?*

These research questions are addressed in Study 3[5], based on a multiple case study approach with a longitudinal perspective, investigating the foreign market exit behavior of the ten largest store-based retailers in the world over 16 years. The results of Study 3 show that market exits are, in most cases, not isolated divestment episodes as previous studies have perceived them, but intertwined actions that are part of epochs in the long-term divestment behavior of MNCs. Furthermore, retailers' exit behavior is, to a large extent, firm-specific and related to their idiosyncratic resource bases. As a result, the exit behavior can largely be explained by the CS perspective and a resource-based view. Nevertheless, the market exit behavior shows a few common patterns that cannot be explained solely from a CS perspective.

[5] Study 3 is under revision for publication in a journal. A previous version of the study has been accepted and presented at the Colloquium on European Research in Retailing (CERR) 2021 and has received the Best Paper Award at this conference.

Patterns such as these require a complementary IO perspective, in this case, applied not to industry-wide developments but to strategic groups within the industry.

This thesis is divided into six chapters. The second chapter follows this introductory chapter and gives a detailed overview of *general foreign divestment* and *foreign retail divestment*, including the terminology, the state-of-the-art in research, and significant gaps in each of the research fields. Chapters three through five include the three studies conducted within the scope of this thesis. The sixth and final chapter concludes the thesis by discussing its main findings, contributions, limitations, and implications for further research.

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2. Foreign Divestment

2.1. General Foreign Divestment

2.1.1. Terminology

Various terms and definitions have been used over the years to describe foreign divestments. “De-internationalization” and “foreign divestment” are similar terms that describe MNCs’ actions to reduce their engagement in or exposure to foreign activities.

“Foreign divestment” (or international divestment, foreign divestiture) is the preferred term when the unit of analysis is the foreign subsidiary (e.g., Belderbos and Zou 2006a; Boddewyn and Torneden 1973; Fisch and Zschoche 2012). Thus, it is limited to FDI and does not include low-commitment foreign operation modes such as licensing or exporting. Several authors have attempted to define foreign divestment, but there is still no one clear definition that is used consistently throughout the literature to date. The definitions proposed by different authors sometimes differ significantly, especially with regard to their precision. Boddewyn and Torneden (1973, p. 26), for example, used the term “foreign divestment” to refer to MNCs’ “reduction of ownership percentage in an active direct foreign investment on either a voluntary or involuntary basis”. Belderbos and Zou (2006a, p. 11) opted for a narrower definition and used the term “international divestment” to refer to “a cessation of manufacturing activities” in one of the MNCs’ foreign subsidiaries. For the purpose of this thesis, foreign divestment is defined as the *voluntary liquidation or sale of a foreign subsidiary by the parent firm* (see Figure 2.1.) (e.g., Belderbos and Zou 2006a; Hennart et al. 1998; Mata and Portugal 2000). [6]

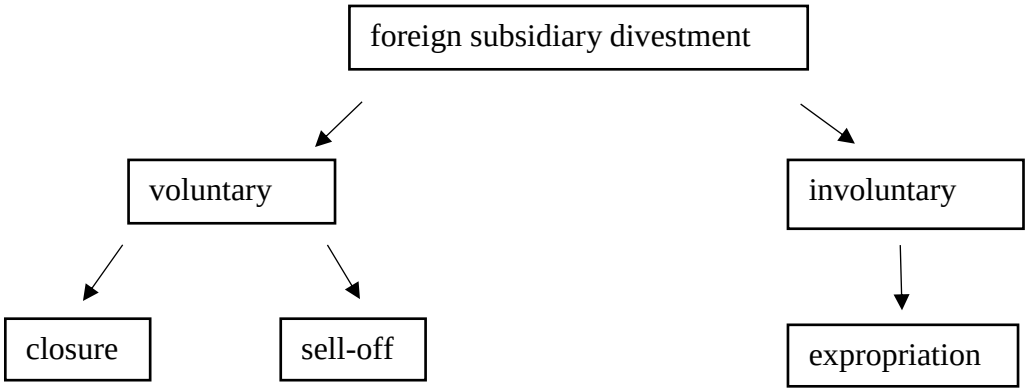
The term “de-internationalization” is more readily used when the unit of analysis is the overall cross-border activities of MNCs (e.g., Benito and Welch 1997; Calof and Beamish 1995). For comprehensive literature reviews on de-internationalization, see Turner (2012) and Tang et al. (2021). Benito and Welch (1997, p. 9) define de-internationalization as “voluntary or forced actions that reduce a company’s engagement in or exposure to current cross-border activities”. This definition covers a range of different de-internationalization activities of various levels of severity, ranging from the withdrawal from one, several, or all foreign market(s) to the reduction of an ownership stake in a single foreign subsidiary (see, for example, Benito and Welch (1997) for more forms of de-internationalization). It includes all internationalization modes such as exporting, licensing, franchising, and FDI.

Divestments can be described as voluntary or involuntary. Voluntary divestments are those in which MNCs deliberately decide to divest their foreign operations (Benito 1997; McDermott 2010). Involuntary divestments occur when MNCs are forced to divest their foreign operations due to deliberate actions by the host-country government that involve a seizure of the MNCs’ assets (Akhter and Choudhry 1993; Benito 1997; Boddewyn 1979a). In these cases,

[6] Study 2 and 3 investigate market exits. This is a special case of foreign divestment, in which MNCs fully terminate their operational presence in a host country by liquidating or selling all of their subsidiaries in this host country.

MNCs are not given alternative options but are forced to divest their foreign operations. In order to maintain a reasonable research scope, this thesis does not discuss involuntary divestments. Furthermore, this thesis does not specifically discuss particular sub-types of foreign divestments such as back-shoring (e.g., Kinkel 2012; Kinkel and Maloca 2009), re-shoring (e.g., Ellram et al. 2013; Gray et al. 2013), and back-sourcing (Holz 2009), which typically describe MNCs moving parts or all of their foreign manufacturing activities back to their domestic countries.

Figure 2.1.: Overview of Foreign Subsidiary Divestment Types.



Source: Figure based on Akhter and Choudhry (1993) Belderbos and Zou (2006a)

2.1.2. State-of-the-art: Drivers – Process – Outcomes

There are three broad categories of studies in the general foreign divestment field, each focusing on a different aspect of foreign divestment: (1) studies investigating drivers of foreign divestment; (2) studies investigating the foreign divestment process; and (3) studies investigating the outcomes of foreign divestment. Studies on drivers are by far the most numerous, with studies investigating the process and the outcomes of foreign divestment remaining rare to date. Since the focus of this thesis is on foreign divestment drivers, the review of the state-of-the-art and the research gaps below focus on this area. Results of studies on divestment processes and outcomes are only presented in brief to give the reader a comprehensive view of foreign divestment.

2.1.2.1. Drivers of Foreign Divestment

In 2017, as a starting point for this thesis, the author conducted a systematic literature search for studies focusing on foreign divestment. The 243 studies identified provide an overview of extant empirical findings on foreign divestment drivers. A complete list of these studies is provided in Table 2.1.[7] The table classifies the studies according to two key dimensions. First, studies are classified according to the type of data they are based on: (1)

[7] Studies focusing on foreign retail divestment (i.e., a sub-group of general divestment studies) are also included in the table and marked in italics. However, the retail specificities of the literature overview are discussed in section 2.2.2.1.

primary-data research, i.e., data was collected directly from primary sources; and (2) secondary-data research, i.e., data was collected by third parties (e.g., organizations, other researchers) and later accessed and used by researchers (Hox and Boeije 2005). Second, studies are classified according to the research designs they use: (1) descriptive studies, which state facts as they are and do not provide any form of conclusions or generalizations; (2) explanatory (or causal) studies, which go further than the description of facts and analyze causal relationships between the data presented, usually between several independent variables and one dependent variable (Ghauri et al. 2020). Primary data studies are also further differentiated into large-scale studies, which typically have a quantitative character, and case studies, which typically have a qualitative character. Foreign divestment studies can also be divided into the categories of conceptual, descriptive, and explanatory research; these are discussed below, with a focus on the historical evolution of and seminal contributions within each group.

2.1.2.1.1. Types of Studies Investigating Drivers of Foreign Divestment

Research into international divestment began in the mid-1970s, and early studies on the issue were often *conceptual*. Boddewyn (1983b) linked foreign divestments to Dunning's eclectic paradigm, treating the foreign divestment decision essentially as the reverse of a foreign investment decision. Dunning (1988) acknowledged and advanced Boddewyn's reverse-theory of the eclectic paradigm. Another important conceptual framework in the field was proposed by Benito and Welch (1997), who used various management and economic theories (i.e., strategic management, industrial organization, transaction cost theory, internationalization theory) to explain foreign divestment. The conceptual propositions of these authors have, however, never been empirically tested to date.

Descriptive empirical studies emerged with the early works of Torneden and Boddewyn in the late-1970's. They investigated foreign divestments of U.S.- based MNCs, reported the increasing occurrence of foreign divestments, discussed possible divestment drivers, and provided the first insights into the foreign divestment process (e.g., Boddewyn 1979a; Torneden 1975). Torneden (1975) carried out an extensive study, including eight case studies and a survey of 189 Fortune 500 companies that had conducted foreign divestments. His study reported that MNCs' top management teams consistently identified several key drivers of foreign divestment: unacceptable returns on investment of the foreign venture, insufficient market size in the host country, and issues related to the host-country government. These were important insights, and scholars included these drivers in their models in most subsequent studies. McDermott (1989) studied 14 cases of foreign subsidiary closures and showed that the effect of foreign divestment drivers varies across industries and even across companies within the same industry. He also studied the divestment process and addressed organizational questions, including that of who takes the divestment decision within MNCs and how this decision is communicated to employees, unions, the host-country government, and other stakeholders.

In the early 2010s, descriptive case studies using primary data started to emerge. However, this type of research has mainly established itself within the retail-specific foreign divestment field.

Table 2.1.: Overview and Classification of Studies on Foreign Divestment Drivers[8]

Conceptual studies: Sachdev 1976b; Boddewyn 1979; Boddewyn 1983a; Boddewyn 1983b; Boddewyn 1985; Relly 1986; Bheaty and Harari 1987; Singer and van der Walt 1987; Dunning 1988; Zinyama 1989; Akhter and Choudhry 1993; *Depuis and Prime 1996*; Benito 1997b; Benito and Welch 1997; Godar 1997; Clark and Wrigley 1997; *Burt et al. 2003*; Reiljan 2004; Benito 2005; Falvey et al. 2007; *Coe and Wrigley 2007*; *Burt et al. 2008*; McDermott 2010; Turcan 2011; Ekeledo and Kumar 2013; McDermott and Luethge 2013; Nemeth and Nippa 2013; Turcan 2013; Fratochi et al. 2014; Ajai 2015; *Aklamanu 2015*; Wan et al. 2015; Mlody 2016; Nyuur et al. 2017		
	Descriptive	**Explanatory**
Primary data	***Case Studies:*** Torneden 1975; Casson 1986; Ghertman 1988; McDermott 1989; McDermott 1989; Hamilton and Chow 1993; Palmer et al. 1997; *O'Grady and Lane 1997; Burt et al. 2002*; *Mellahi and Sparks 2002;* Griffin 2003; Jagersma and van Gorp 2003; *Wrigley and Currah 2003; Palmer 2004*; Bianchi and Ostale 2004a; Bianchi and Ostale 2004b; *Alexander et al. 2004; Bianchi and Arnold 2004; Jackson et al. 2005; Jackson and Sparks 2005*; Palmer 2005; *Bianchi and Ostale 2006; Bianchi 2006; Palmer and Quinn 2007; Christopherson 2007; Owens and Quinn 2007; Joe 2007; Cairns et al. 2008; El-Amir and Burt 2008; Kim 2008; Gandolfi and Strach 2009; Pioch et al. 2009; Ryu and Simpson 2011; McDermott 2012; Amankwah-Amoah et al. 2013; Gao 2013; Skordili 2013; Doherty and Alexander 2015; Yoder et al. 2016; English 2016; Feldmann 2016; Coe et al. 2017*	Grunberg 1981; Harrigan 1981; Duhaime and Grant 1984; Kim and Shin 1995; Nargundkar et al. 1996; Pan and Chi 1999; *Etgar and Rachman-Moore 2007*; Swoboda and Jager 2008; Coeurderoy et al. 2012; Kim et al. 2012; Nyuur and Debrah 2014; Baquero and Longobardi 2014; Sousa and Tan 2015
	Large-scale studies: Boddewyn and Torneden 1973; Sachdev 1976a; Chopra et al. 1978; Boddewyn 1979; McDermott 1989; Weston 1989; Chowdury 1992; *Godley and Fletcher 2001*; Loke 2008	
Secondary data	Boddewyn and Torneden 1973; Kobrin 1980; Bane and Neubauer 1981; Baroncelli and Manaresi 1997; Richbell and Watts 2000; *Alexander and Quinn 2002*; Jagersma and van Gorp 2003; *Burt et al. 2004; Alexander et al. 2005*; Belderbos and Zou 2006a; Belderbos and Zou 2006b; Makino et al. 2007; Kinkel 2009; *Cairns et al. 2010*; Nowara and Szarzec 2012; Fratocchi et al. 2013; Fratocchi et al. 2015	Wilson 1980; Freeman et al. 1983; Montgomery 1988; Dunne 1989; Li and Guisinger 1991; Mascarenhas 1992; Tsetsekos and Gombola 1992; Mitchell et al. 1994; Audretsch 1994; Barron et al. 1994; Mata and Portugal 1994; Pennings et al. 1994; Siegfried and; Evans 1994; Wagner 1994; Li 1995; Markides 1995; Mata and Portugal 1995; Barkema et al. 1996; Chen and Wu 1996; *Carree and Thurik 1996*; Park and Russo 1996; Benito 1997a; Shaver et al. 1997; Yamawaki 1997; Zaheer and; Mosakowski 1997; Berth 1997; Bergh 1997; Makino and Beamish 1998; Hennart et al. 1998; McCloughan and; Stone 1998; Shaver 1998; Morosini et al. 1998; Mariotti and Piscitello 1999; Vannoni 1999; Mata and Portugal 2000; Delios and Ensign 2000; Shin 2000; Shaver and Flyer 2000; Pennings and; Sleuwaegen 2000; Delios and Beamish 2001; Song 2002; Mata and Portugal 2002; Hennart et al. 2002; Belderbos 2003; Delios and Makino 2003; Yamawaki 2004; Henisz and Delios 2004; Dhanaraj and Beamish 2004; Pak and Park 2004; Chung and Beamish 2005a; Chung and Beamish 2005b; Hebert et al. 2005; De Holan and Toulan 2006; Garg and Delios 2007; Mudambi and Zahra 2007; Nadolska and Barkema 2007; Papyrina 2007; Rasouli Ghahroudi and Hoshino 2007; Tamaz and Özler 2007; Thomas et al. 2007; Tsang and Yip 2007; Gaur and Lu 2007; Coucke et al. 2007; Taymaz and Ozler 2007; Chang and Xu 2008; Coucke and Sleuwaegen 2008; Delios et al. 2008; Leung et al. 2008; Miller et al. 2008; Ogasavara and Hoshino 2008; Lowen and Pope 2008; Belderbos and Zou 2009; Berry 2009; Kinkel 2009; Alvarez and Görg 2009; Dhanaraj and Beamish 2009; Kronborg and Thomsen 2009; Steenhuis

[8] Due to space limitations, only those studies which are referenced elsewhere in the text are listed in the bibliography, rather than all of the studies in the field listed in this table.

		and De Bruijn 2009; Zeng et al. 2009; Berry 2010; Chung et al. 2010; Engel et al. 2010; Giarratana and Torrisi 2010; Kim et al. 2010; Hrychiewicz and Kowalewski 2011; Demirbag et al. 2011; Hryckiewicz and Kowalewski 2011; Nachum and Song 2011; Park et al. 2011; Anwar and Sun 2012; Fisch and Zschoche 2012; Anwar and Sun 2012; Fernandez-Mendez et al. 2012; Mata and Freitas 2012; Murray et al. 2012; Wagner et al. 2012; Engel et al. 2013; Bai et al. 2013; Berry 2013; Dai et al. 2013; Georgopoulos et al. 2013; Hong 2013; Vial and Prevot 2013; Chung et al. 2013a; Chung et al. 2013b; Zeng et al. 2013a; Pattnaik and Lee 2014; Song 2014a; Song 2014b; Song 2014c; Soule et al. 2014; Farah 2014; Jiang et al. 2014; Peng and Beamish 2014; Lee et al. 2015; Li and Liu 2015; Norback et al. 2015; Pittiglio and Reganati 2015; Song 2015; Wang and Larimo 2015; Peng and Beamish 2016; Getachew and Beamish 2017; Iurkov and Benito 2017; Mohr et al. 2017

Italics: Retail-specific studies

Wilson (1980) conducted the first *explanatory* study in the field and found the financial performance of foreign subsidiaries to be a significant driver of divestment. He thus statistically confirmed indications from Torneden's (1975) descriptive study. Wilson (1980) further investigated potential moderating effects and suggested two drivers that moderate the effect of the subsidiary's financial performance: the subsidiary's product diversification and its level of integration with both the MNC's headquarters and peer subsidiaries.

Around the early 2000s, the number of explanatory studies increased dramatically, and this type of study became predominant in the foreign divestment field. Typically based on secondary data, these studies investigate the effects of internal and external drivers on the probability of foreign subsidiary divestment.

Internal drivers are specific to a given MNC and the decisions made by their management. These include drivers related to the focal subsidiary (e.g., its financial performance) (e.g., Li 1995; Pan and Chi 1999) and drivers related to the parent company (e.g., its geographic diversification) (e.g., Markides 1995; Shaver et al. 1997).

External drivers are specific to the host country, the market, or the industry. External drivers include, for example, the host country's cultural distance from the MNC's home country or the political risks in the host country (Benito 1997; Shaver et al. 1997). Study 1 gives a thorough overview of the most investigated drivers at each level. Study 1 also discusses the fact that the reliance on secondary data might be problematic because it biases researchers towards investigating subsidiaries stemming from home countries that provide large and accessible databases on all foreign subsidiaries (i.e., Japan and Korea).

Interestingly, explanatory studies based on primary data remain rare: only 12 such studies were identified as of 2017. Again, this is probably due to the sensitive nature of foreign divestment and the resulting difficulty researchers face in accessing necessary data.

2.1.2.1.2. Overview of Empirical Results for Divestment Drivers

The large-scale explanatory studies listed in Table 2.2. have quantitatively investigated a considerable number of potential foreign divestment drivers. Table 2.3. provides an overview of the empirical results for each of the 33 drivers investigated in at least five existing explanatory studies as of 2017.[9] These results take the form of a vote counting (Bushman and Wang 2009). In a vote counting, study results are divided into three categories: significant positive results, significant negative results, and non-significant results. Vote counting can be applied when there is inconsistency in the measured effects reported across studies (Bushman & Wang, 2009), and it enables the inclusion of measured effects even if the original studies offer scant statistical information. Thus, vote counting usually includes a large number of study results. In the context of this thesis, the vote counting helped to uncover important research gaps and was the basis of the meta-analytic study of this thesis. Furthermore, it has an intrinsic relevance for future research since it provides an excellent base for researchers in the field to identify articles in which their variables of interest are investigated and discussed.

Table 2.2.: Studies on Foreign Divestment Drivers Included in Vote Counting

1	Bai et al. 2013	43	Li and Liu 2015
2	Barkema et al. 1996 *2. total sample* *2.1. Sub-sample of acquisitions* *2.2. Sub-sample of "greenfield investments"*	44	Makino and Beamish 1998
3	Belderbos 2003	45	Mascarenhas 1992
4	Belderbos and Zou 2009	46	Mata and Portugal 2000
5	Benito 1997	47	Mata and Portugal 2002
6	Berry 2010	48	McCloughan and Stone 1998
7	Berry 2013	49	Miller et al. 2008
8	Chang and Xu 2008	50	Mitchell et al. 1994
9	Chen and Wu 1996	51	Mohr et al. 2017
10	Chung and Beamish 2005	52	Mudambi and Zahra 2007
11	Chung et al. 2013	53	Murray et al. 2012
12	Coucke and Sleuwaegen 2008	54	Nachum and Song 2011
13	Dai et al. 2013	55	Nadolska and Barkema 2007
14	Delios and Beamish 2001	56	Norback et al. 2015
15	Delios and Ensign 2000	57	Ogasavara and Hoshino 2008
16	Delios and Makino 2003	58	Pan and Chi 1999
17	Delios et al. 2008	59	Papyrina 2007
18	Demirbag et al. 2011	60	Park et al. 2011
19	Dhanaraj and Beamish 2004	61	Pattnaik and Lee 2014
20	Dhanaraj and Beamish 2009	62	Peng and Beamish 2014
21	Engel et al. 2013 *21.1 Sub-sample of MNCs that remain in host country through exporters* *21.2 Sub-sample of MNCs that completely retreat from the host country market*	63	Rasouli Ghahroudi and Hoshino 2007
22	Fisch and Zschoche 2012	64	Shaver 1998
23	Garcia-Canal et al. 2012 *23.1 Sub-sample of "total" subsidiary divestments* *23.2 Sub-sample of "partial" subsidiary divestments*	65	Shaver and Flyer 2000
24	Garg and Delios 2007	66	Shaver et al. 1997 *66.1 Sub-sample of subsidiaries established by MNCs that have no host country-specific international experience*

[9] The drivers investigated between two and five times are listed at the end of the table with their corresponding frequency of investigation.

			66.2 Sub-sample of subsidiaries established by MNCs that have host country experience outside the target industry *66.3 Sub-sample of subsidiaries established by MNCs that have host country experience in the target industry*
25	Gaur and Lu 2007	67	Shin 2000
26	Georgopoulos et al. 2013	68	Song 2002
27	Getachew and Beamish 2017	69	Song 2014a
28	Giarratana and Torrisi 2010	70	Song 2014b
29	Hebert et al. 2005	71	Song 2014c
30	Henisz and Delios 2004 *30.1 Sub-sample of subsidiaries located in countries in which political risks are above the sample mean* *30.2 Sub-sample of subsidiaries located in countries in which political risks are below the sample mean*	72	Song 2015
31	Hennart et al. 1998 *31.1 Sub-sample of subsidiary divestments through closure* *31.2 Sub-sample of subsidiary divestments through sale*	73	Soule et al. 2014
32	Hong 2013	74	Sousa and Tan 2015
33	Hryckiewicz and Kowalewski 2011	75	Taymaz and Ozler 2007
34	Iurkov and Benito 2017	76	Thomas et al. 2007
35	Jiang et al. 2014	77	Wang and Larimo 2015
36	Kim et al. 2010	78	Wilson 1980
37	Kim et al. 2012	79	Yamawaki 1997 *79.1 Sub-sample of subsidiaries in Europe established by Japanese MNCs* *79.2 Sub-sample of subsidiaries in the US established by Japanese MNCs*
38	Kim and Shin 1995	80	Yamawaki 2004
39	Lee et al. 2015	81	Zaheer and Mosakowski 1997
40	Leung et al. 2008	82	Zeng et al. 2009
41	Li 1995 *41.1 Sub-sample of subsidiaries active in the computer industry* *41.2 Sub-sample of subsidiaries active in the pharmaceutical industry*	83	Zeng et al. 2013a
42	Li and Guisinger 1991	84	Zeng et al. 2013b *84.1 Sub-sample of subsidiaries established in a host country that is located inside the home country's cultural cluster* *84.2 Sub-sample of subsidiaries established in a host country that is located outside the home country's cultural cluster*

The vote counting offers foundational insight into the effects of potential foreign subsidiary drivers. For almost all drivers, the number of non-significant study results is the largest. The drivers can be divided into three different groups regarding the consistency of the effects found in extant literature: in the first group (e.g., parent firm size, subsidiary age), the number of positive and negative study results is balanced and the direction of the effect on foreign divestment remains unclear. In the second group (e.g., parent firm R&D intensity, subsidiary financial performance), the number of significant negative effects outnumbers the studies with significant positive effects. The evidence at this stage suggests that these drivers protect against foreign divestment. For the third group (e.g., subsidiary establishment mode via acquisition, host-country risk), the vote counting suggests a positive effect on divestment likelihood, with clearly more positive study effects than negative ones. However, certain caution must be exercised when interpreting these findings since vote-counting procedures lack statistical rigor and can produce biased findings.

Table 2.3.: Vote Counting of Previous Studies' Effects of Each Driver on the Divestment Probability of a Foreign Subsidiary

	Foreign Divestment Driver	Negative Effect	Non-significant Effect	Positive Effect
Parent-firm level drivers	Parent firm size* *(59 studies)*	2.1; 4; 7; 11; 38; 39; 52.1; 52.2; 55; 59; 60; 61; 71; 76	2.2; 5; 6; 17; 21.1; 21.2; 23.1; 23.2; 27; 30.1; 30.2; 31.1; 38; 40; 41.1; 41.2; 49; 50; 54; 57.1; 62; 64; 69; 70; 72; 74; 80; 81; 83; 84.1	3; 10; 13; 14; 16; 18; 19; 20; 24; 31.2; 32; 34; 51; 57.2; 84.2
	Parent firm general international experience* *(34 studies)*	11; 16; 30.1; 30.2; 38; 39; 40; 52.2; 57.1; 59; 81; 32; 54	5; 22; 24; 56; 57.2; 68; 69; 70; 72; 74; 79.1; 79.2; 62; 77; 7; 81; 23.1; 51	23.2; 35; 38
	Parent firm R&D intensity (incl. patents)* *(30 studies)*	3; 14; 16; 18; 19; 52.1; 52.2; 60; 61; 70; 76	4; 6; 7; 10; 18; 23.1; 23.2; 27; 28; 34; 37; 39; 52.1; 52.2; 59; 64; 68; 71	11
	Parent firm host country-specific international experience* *(26 studies)*	2.1; 14; 16; 41.1; 57.1; 57.2; 59; 66.3; 77	2.2; 3; 23.1; 23.2; 29; 31.1; 31.2; 41.2; 55; 60; 66.2	19; 20; 25; 35; 62; 81
	Parent firm financial performance* *(22 studies)*	17; 37; 55; 84; 62	2.1; 2.2; 6; 7; 21.1; 21.2; 29; 32; 33; 34; 36; 49; 51; 82; 83; 84.1	16
	Parent firm age *(16 studies)*	10; 21.2; 30.1; 74; 81; 84.2	21.1; 23.1; 23.2; 28; 30.2; 49; 51; 74; 84.1	34
	Parent firm advertising intensity* *(11 studies)*	10; 14; 16; 19; 60	11; 34; 59; 70; 71	37
	Parent firm product diversification *(8 studies)*	17; 78	5; 55; 79.1; 79.2	6; 7
	Parent firm geographical diversification* *(8 studies)*	11; 34; 68	17	7; 38; 62
	Parent firm cultural block specific international experience *(7 studies)*	38	2.1; 2.2; 57.1; 57.2; 2.2; 82	81
	Parent firm previous foreign divestment activities *(5 studies)*			6; 22; 30.1; 30.2; 38
Subsidiary level drivers	Subsidiary size* *(49 studies)*	3; 7; 8; 9; 10; 11; 14; 17; 19; 20; 22; 25; 27; 38; 39; 43; 46.1; 47; 48; 53; 57.1; 59; 62; 67; 69; 71; 72; 80	4; 12; 13; 15; 18; 29; 32; 35; 41.1; 41.2; 46.2; 57.2; 60; 74; 75; 78; 81	26; 38; 56; 63
	Subsidiary entry mode (WOS=1)* *(34 studies)*	10; 16; 20; 25; 31.2; 38; 41; 46.1; 46.2; 53; 57.2; 59; 61; 79.1; 79.2	2; 3; 5; 11; 31.1; 35; 38; 39; 42; 44; 57.1; 58; 70; 72; 76; 80; 81; 84.1; 84.2	
	Subsidiary age* *(32 studies)*	7; 18; 26; 38; 61; 68	3; 5; 12; 31.1; 30.1; 31.2; 41.1; 62; 67; 74; 78; 79.1; 79.2	4; 8; 10; 13; 16; 17; 19; 20; 27; 30.2; 41.2; 63; 69
	Subsidiary establishment mode (Acquisition=1)* *(23 studies)*	46.1	2; 3; 31.1; 46.2; 49; 50; 52.2; 64; 66.2; 78; 79.1; 79.2	5; 16; 31.2; 41.1; 41.2; 42; 48; 66.1; 66.3; 74
	Subsidiary financial performance* *(16 studies)*	7; 8; 10; 11; 13; 22; 33; 38; 39; 69; 70; 71; 72; 74	43; 75	
	Subsidiary product unrelatedness* *(16 studies)*		16; 31.1; 50; 57.1; 71; 79.1; 79.2; 81	5; 7; 13; 17; 31.2; 41.1; 41.2; 57.2
	Subsidiary ownership level *(10 studies)*	7; 9; 11; 19; 29; 60	32; 69; 27; 62	

	Subsidiary relative size* *(6 studies)*	6; 56; 70; 79.1	61; 79.2	
	Subsidiary capital intensity *(6 studies)*	75	3; 7; 9; 12; 68	
	Subsidiary export orientation *(5 studies)*	12	58; 68	9; 26
Host-country level drivers	Host country cultural distance* *(22 studies)*	29; 55; 62	2; 5; 13; 17; 28; 33; 38; 69; 71; 72; 74; 81; 84.1; 84.2	11; 22; 42; 61; 74
	Host country economic growth* *(20 studies)*	5; 7; 11; 22; 32; 39; 55; 70; 76	10; 13; 17; 23.1; 62; 69; 72; 84.1; 84.2	23.2; 81
	Host country industry concentration *(20 studies)*	41.1 48 81	41.2; 46.1; 46.2; 47; 49; 50; 52.1; 52.2; 53; 64; 65; 66.1; 66.2; 66.3; 78; 80	75
	Host country industry growth *(18 studies)*	31.1; 31.2; 35; 40; 41.1; 52.2	3; 12; 41.2; 46.1; 46.2; 47; 52.1; 53; 64; 65; 79.1; 79.2	
	Host country risk* *(17 studies)*		5; 17; 22; 23.1; 23.2; 30.1; 30.2; 38; 62; 70; 71	7; 11; 39; 40; 69; 72
	Host country income level* *(15 studies)*	7; 10; 13; 56; 77	17; 23.2; 24; 30.1; 30.2; 38; 39; 62	23.1; 62
	Host country industry inward FDI *(13 studies)*	17; 46.1; 46.2; 66.2; 81	12; 35; 47; 52.1; 52.2; 66.1; 66.3; 75	
	Host country industry internationalization *(7 studies)*	64; 66.2; 66.3	7; 50; 65; 66.1	
	Host country labor cost rise *(6 studies)*	72	7; 22	4; 69; 70
	Host country industry R&D intensity *(6 studies)*	84.1	5; 52.1; 52.2; 80; 84.2	
	Host country industry inward FDI by home country MNCs *(6 studies)*	4; 18; 54	30.1; 38	30.2
	Host country industry entry rate *(5 studies)*		12	46.1; 46.2; 47; 75

Less frequently investigated drivers (number of studies) :

Parent-firm level drivers:
Parent firm state ownership (3)
Parent firm factor productivity (2)
Parent firm indebtedness (2)
Parent firm industry experience (2)
Parent firm operational flexibility (2)
Parent firm cultural diversity (2)

Subsidiary level drivers:
Subsidiary human capital (4)
Subsidiary manufacturing vs. service (4)
Subsidiary internal diversification (3)
Subsidiary growth rate (3)
Subsidiary production capacity (3)
Subsidiary solidarity (3)
Subsidiary expatriate ratio (2)
Subsidiary labor productivity (2)
Subsidiary late market entry (2)
Subsidiary first operation of parent firm in host country (2)
Subsidiary portfolio fit (2)

Host-country level drivers:
Host country trade flow (4)
Host country economic risk (4)
Host country size (3)
Host country geographic distance (3)
Host country currency appreciation (3)
Host country economic distance (2)
Host country exchange rate volatility (2)

*Drivers investigated in the meta-analysis of Study 1

The meta-analysis performed in Study 1 remedies these issues. A meta-analysis possesses the ability to combine effects found in primary studies into a common metric with high statistical power and robustness. However, integrating the effects from primary studies into a meta-analysis requires the application of strict inclusion criteria. In the case of the meta-analysis in Study 1, for a driver to be included, a minimum of statistical evidence must exist for this driver. Specifically, to produce robust results, the meta-analysis only includes drivers for which at least seven effect sizes in the form of bivariate correlations could be found in the

literature.[10] The number of studies meeting this criterion was significantly smaller than the number of studies listed in the tables above. There are two primary reasons for this: (1) only bivariate (zero-order) correlations (vs. partial correlations) were included in the analysis (see Study 1 for supplementary elaborations); (2) studies relying on identical or overlapping samples are problematic, and effect sizes from such studies can only be considered once for each driver. The final sample for the meta-analysis consisted of 45 studies, 236 correlations, and 18 potential drivers of foreign subsidiary divestment.

2.1.2.1.3. Overview of Theoretical Frameworks

The studies investigating foreign divestment drivers (see Table 2.1. for an overview) are usually based on one or more theoretical frameworks. The following discussion provides an overview of the most frequently applied frameworks.

Resource-based view (RBV): The RBV applies to the foreign divestment literature at multiple levels. Many studies investigate drivers related to capabilities and resources that create competitive advantages and protect foreign subsidiaries from being divested, such as financial investments of the parent company into their subsidiaries or subsidiaries' slack resources (e.g., Barney 1991; Dhanaraj and Beamish 2009; Hebert et al. 2005). Once subsidiaries no longer possess such resources, they lose their competitive advantages and are more likely to be divested (Boddewyn 1983b). This reasoning is consistent with the expansionist area of IB literature, where the RBV determines crucial resources for MNCs and their subsidiaries to overcome their liability of foreignness (Barney et al. 2001). However, the RBV has a second, more complex, and less overt effect on foreign divestments, connected to the corporate-strategy perspective. From this perspective, foreign subsidiaries can be viewed as resources within MNCs' foreign business portfolios. These resources are continuously affected by changes in internal and external factors that alter their value. MNCs constantly optimize their portfolios to be competitive and thus divest resources, or, in this case, foreign subsidiaries, that have a relatively low value. Study 3 investigates these issues in detail.

Knowledge-based view (KBV) and organizational learning: According to the KBV, MNCs acquire, use, and transfer intangible assets to their foreign subsidiaries to create competitive advantages and enhance their performance. While this is a central theme in expansionist IB research (i.e., Uppsala model, eclectic paradigm), it is also relevant to divestment since well-performing subsidiaries are less likely to be divested. The KBV explores the creation of knowledge through both (1) R&D and marketing activities and (2) organizational learning. In the former, subsidiaries build up competitive advantages by R&D and marketing knowledge they receive from their parents before their market entry, and by acquiring such knowledge once they are actively doing business in the host country themselves (Delios and Beamish 2001). For example, Park et al. (2011) found subsidiaries belonging to MNCs with a

[10] The meta-analysis in Study 1 includes studies up to the year 2019.

high R&D intensity to be protected from divestment. Meanwhile, in the internationalization process (IP) model (Johanson and Vahlne 1977; Johanson and Vahlne 2009), organizational learning (or experiential learning) enables MNCs to continuously intensify their expansion efforts. Several scholars have found evidence that MNCs' pre-entry experience in a given host country helps them to overcome the liability of foreignness and protects subsidiaries from failure and subsequent divestment (Kim et al. 2010; Park et al. 2011; Zeng et al. 2013a).

Transaction cost economics (TCE): In expansionist IB literature, TCE aids in the understanding of MNCs' international activities, focusing on their internalization capabilities, entry modes, and locational choices (Buckley and Casson 1976; Hennart 1982; Rugman 1980). In the foreign divestment field, TCE has been used to explain the divestment probability of foreign subsidiaries in relation to the extent of transaction costs related to their operations in the host country. In this context, several authors investigated particular entry and ownership modes, typically comparing the divestment probability of wholly-owned subsidiaries (WOS) and international joint ventures (IJV) (e.g., Belderbos 2003; Gaur and Lu 2007), and the divestment probability of subsidiaries acquired through acquisition and greenfield investments (e.g., Benito 1997; Hennart et al. 1998). Other studies used TCE-related arguments to investigate the effect of time on the probability of subsidiary divestment. However, this effect typically relates to the reliability of newness and the related lack of organizational legitimacy in the market (Park and Russo 1996), and is only indirectly related to transaction costs. Such effects can therefore be more readily explained from an institutional perspective (Gaur and Lu 2007), as discussed below.

Institutional theory: Institutional theory is commonly used in IB research and the foreign divestment field. Dating back more than three decades, it has developed from two seminal contributions: North's (1990) formal and informal institutions and Scott's (1995) regulatory, normative, and cognitive framework. North (1990) stresses the importance of strong institutions for the business attractiveness of a host country since the absence of such institutions increases transaction costs for MNCs, which eventually might lead to divestment. Scott (1995) focuses on the interaction between different types of institutions and highlights the importance of organizational legitimacy. In the foreign divestment field, authors typically use institutional theory when they investigate host country-specific uncertainties and risks connected to the institutions (or lack thereof) in these countries (e.g., Benito 1997; Henisz and Delios 2004) and the effect of cultural and institutional distance on transaction costs (e.g., process and adaption challenges) and organizational legitimacy (e.g., Brouthers and Brouthers 2001; Henisz and Delios 2004).

Real options theory (ROT): Investing in real options gives managers the discretion to take specific future actions at some cost concerning tangible or intangible assets (e.g., in this context, the expansion or divestment of a foreign subsidiary) (Chi et al. 2019; Kogut 1991; Kogut and Kulatilaka 2001). ROT suggests that MNCs do not necessarily divest their subsidiaries when the host country's environment is unfavorable but instead may hold on to

these subsidiaries since this situation might only be temporary, and these subsidiaries will be more valuable once conditions improve (Belderbos and Zou 2006b). Some scholars have used ROT to argue that a lower divestment risk is faced by subsidiaries belonging to geographically diversified MNCs that intend to use their subsidiaries as real options to maintain flexibility, for example, by adapting the value chain when conditions in specific host countries change (Dhanaraj and Beamish 2009; Fisch and Zschoche 2012). In both situations, the ROT perspective suggests delaying divestment decisions since subsequent market changes might yield higher value than the proceeds from selling a subsidiary. Study 3 applies ROT to foreign divestment in a novel way by using it to explain the phenomenon of partial divestments.

Reverse OLI: Boddewyn (1983b) proposed a "theory of foreign divestment" by reversing the logic of FDI decisions as discussed in Dunning's eclectic paradigm (1980). He suggested that MNCs divest their foreign subsidiaries if either of the OLI advantages is reversed due to changes in the external or internal environment or if MNCs realize that advantages that were assumed at entry never existed. This may be the case if (1) the foreign operations no longer offer, or never offered, internalization advantages, which make it more interesting to perform the value chain activity internally through a foreign subsidiary than outsourcing the same value chain activity; (2) the host country ceases to offer, or never offered, location advantages, which make operating a foreign subsidiary preferable to other internationalization modes such as export; or (3) the MNC ceases to possess, or never possessed, ownership advantages such as unique and valuable resources providing a competitive advantage against potential foreign competitors. Dunning (1988) expanded Boddewyn's reverse-theory of the eclectic paradigm, proposing that foreign divestment might be triggered by the absence of only one OLI condition, while, in the opposite case, all OLI conditions need to be present simultaneously to trigger FDI. Extant studies on foreign divestment have investigated drivers connected to all three OLI advantages (see Study 1 for details). However, the "reversed" eclectic paradigm, as an explanatory model for foreign divestment, has not been empirically tested to date.

Other theories: There are other, less frequently applied theoretical frameworks in the foreign divestment literature. They are briefly presented here for the sake of completeness. A few authors use the *economic geography* theory to discuss the effect of host-country conditions such as economic growth and political risk (Benito 1997; Berry 2013). As previously mentioned, many studies apply TCE when looking into the effect of entry and establishment modes on foreign divestment. A few studies also refer to *social exchange theory* when investigating the relationships and potential conflicts between IJV partners (Steensma and Lyles 2000). Finally, scholars frequently point to the *strategic management perspective's* potential to explain foreign divestment. Many scholars have noted that foreign divestments are triggered by strategic motivations both at the corporate strategy level and at the level of the subsidiary strategy (e.g., Benito and Welch 1997; Boddewyn 1979a; Fisch and Zschoche 2012). However, very few studies investigate strategic drivers of foreign subsidiary divestment.

2.1.2.2. The Foreign Divestment Process

Several authors have pointed to the challenging nature of foreign divestment decisions and the accompanying management process (e.g., Duhaime and Baird 1987; Nees 1978). However, there is a notable absence of studies focusing on the foreign divestment process. The few studies which have looked into the characteristics of the foreign divestment decision-making process (e.g., Boddewyn 1983a; Nees 1978; Sachdev 1976) show that the foreign divestment decision was usually taken by the CEO at the corporate headquarters, generally in consultation with finance executives. The subsidiary executives and the international manager often had minimal roles, and in some cases, they were only informed after the final divestment decision had been taken. Boddewyn (1983a, p. 26) proposed a "divestment decision process model" that includes all the stages usually passed through to reach a foreign divestment decision. On average, he found the complete process to last around 20 months. While Torneden (1975) found similar time frames, Nees (1981) and McDermott (1986) identified several cases in which the complete foreign divestment process lasted up to 30 months.

Boddewyn (1979a; 1979b) further discussed the implementation of the foreign divestment decision and MNCs' need to carefully manage this implementation both internally and externally. Managing this process is important since foreign divestment decisions are often controversial due to the negative repercussions in the host country (e.g., plant closures, job losses). If this process is poorly managed, it is even more likely to result in hostility from various stakeholders (e.g., employees, media, host government). Nees (1978; 1981) and Moschieri and Mair (2011) investigated foreign divestments from a parent-firm perspective and highlighted the importance of subsidiary managers' loyalty and cooperation to ensure a successful divestment process.

Discussion of issues related to the foreign divestment process was present in the early literature and has been notably absent in the more recent literature. This absence is likely caused by the secrecy evolving around foreign divestment decisions and the increasing difficulty for researchers in obtaining cooperation from key decision-makers and primary data to base their research on. Therefore, it is difficult to see how the field's neglecting of process-related divestment research might be reversed in the near future.

2.1.2.3. Foreign Divestment Outcomes

While there is substantial research on the outcomes of domestic divestments (see meta-analysis on the issue by Lee and Madhavan (2010) for more information), the outcomes of MNCs' foreign divestments (e.g., impact on MNCs' performance, post-divestment strategies) are under-researched. The few existing studies investigate the effects of full or partial exits from foreign operations on subsequent firm valuation (Crick and Chaudhry 2006; Tsetsekos and Gombola 1992; Wright and Ferris 1997). Tsetsekos and Gombola (1992) investigated the consequences of divestments on corporate valuation and compared the effects of domestic and foreign divestments on stock prices. They found that while domestic divestments trigger

significant adverse stock price reactions, foreign divestments to have no significant effect on stock prices. This discrepancy might be explained by the assumption that domestic divestment indicates firm-wide problems and firm deterioration, whereas foreign divestments might represent the possibility of exploiting arbitrage opportunities in the international value chain. Wright and Ferris (1997) found a negative impact of divestment announcements on stock prices of US companies leaving South Africa during the Apartheid period because of senior managers being privately and publicly pressured to divest. On the other hand, Borde et al. (1998) found foreign divestments to have positive valuation consequences for MNCs.

2.1.3. Research Gaps

While the preceding section focused on the state-of-the-art of the foreign divestment literature[11], the following section touches on major shortcomings that existed in the literature when work began on this thesis in 2017. Details regarding specific research gaps directly leading to or identified in the studies in this thesis can be found in chapters 3 to 5. Study 1 identified, inter alia, research gaps that were filled in Studies 2 and 3, including the lack of studies investigating combinations of drivers and the lack of studies taking longitudinal approaches to studying the divestment behavior of MNCs over time.

Inconsistent findings regarding the effects of foreign divestment drivers

As mentioned in the introduction, a high degree of ambiguity existed regarding the effects of drivers on foreign divestment across large-scale explanatory studies (see Table 2.3. for a detailed overview). These inconsistencies were present for many drivers. In fact, for 20 out of the 33 drivers, the studies in the vote counting placed them in each of the three categories: positive effect, negative effect, and non-significant effect on foreign divestment. Many of these drivers had been prominently investigated as dependent variables or control variables in existing research: for example, “parent firm size” had been investigated in 59 studies and “subsidiary size” in 49 studies. While the vote counting helped to reveal inconsistencies, this method cannot be used to resolve these. Thus, the primary aim of Study 1 was to perform a meta-analytical review and consolidate the findings from previous studies.

The inconsistency in the existing literature on divestment drivers was not only present in the quantitative results for the effect of drivers (i.e., the significance and the direction of the effects for each driver), but also extended, in some cases, to the theoretical rationale behind their effects. For many drivers, authors discussed different theoretical arguments potentially explaining the effect of the drivers they investigate. The extensive theory chapter in Study 1 consolidates these discussions for each driver separately. The study focuses solely on foreign divestment and distinguishes itself from reviews such as those by Brauer (2006), Moschieri and Mair (2008), and Kolev (2016), who take a broader approach and include domestic divestments

[11] The literature review as well as the research gaps focus on the literature available at the time work on this thesis began in 2017.

and corporate restructuring. By focusing on foreign divestments as defined in section 2.1.1., Study 1 also distinguishes itself from the reviews by Turner (2012) and Trąpczyński (2016), who reviewed the broader de-internationalization field.

Lack of studies taking a strategic perspective on foreign divestment

As noted above, several scholars have suggested taking a strategic management perspective to better understand the drivers of foreign divestment (e.g., Benito and Welch 1997; Boddewyn 1979a; Fisch and Zschoche 2012). However, very few studies have investigated strategic drivers of foreign subsidiary divestment (e.g., Benito 2005; Sousa and Tan 2015). This is in evidence in Table 2.3., which displays the most frequently investigated drivers in the literature.

The few exceptions that have explored strategic drivers have all focused on strategy at the subsidiary level. Typically, these studies have investigated the effect of the strategic role of subsidiaries within MNCs' value chains on the probability these subsidiaries will be divested (Belderbos and Zou 2006b; Georgopoulos et al. 2013; Getachew and Beamish 2017; Makino et al. 2007; Song 2002). For example, Maitland and Sammartino (2012) have found the number of value chain linkages of foreign subsidiaries and their dependence on the parent firms to significantly reduce the probability of foreign divestment. Song (2002) and Georgopoulos et al. (2013) investigated subsidiaries' main strategic role (i.e., export platform vs. host market-seeking) by a local sales ratio proxy. Using proxies to measure strategic drivers is common practice in the field; because primary data is often unavailable, this might often be the only way to measure such drivers. Sousa and Tan's (2015) study is a rare exception in which primary data was used to measure strategic variables: their study of the strategic fit of subsidiaries and their parents was based on questionnaires filled out by managers of 184 MNCs.

While subsidiary-level strategic variables have received some attention in the existing literature, the effects of MNCs' overall internationalization strategies and corporate strategies on foreign divestment have been largely neglected. Most of the parent-level drivers investigated in the existing literature are generic parent firm characteristics (e.g., parent firm size, parent firm international experience).

2.2. Foreign Retail Divestment

As previously mentioned, research into general foreign divestment emerged in the mid-1970s and has mainly focused on the foreign divestment of manufacturing firms. The retail-specific foreign divestment literature emerged later, and its progress has been slower (Burt et al. 2019). It is rooted in researchers' calls for a separate study of international retail divestment distinct from research into international manufacturing divestment (Burt et al. 2008b). In contrast to other industries, the retail sector follows a different logic regarding internationalization and de-internationalization (Burt et al. 2003; Jackson et al. 2005). While manufacturing MNCs have numerous reasons to expand abroad (Dunning 1988), retailers

expand abroad mainly for market-seeking motives. Furthermore, a retail company's exit decision may result in different outcomes than a manufacturing company's. While retailers' ability to sell into foreign markets is terminated when they exit these markets, manufacturing companies can serve markets without having a local manufacturing presence. Accordingly, divestment drivers for foreign retailers differ from those identified by literature on divestment in manufacturing.

Another reason for studying foreign divestment in the specific context of the retail industry is the high suitability of retailers as research subjects to investigate divestments. Foreign retail market exits are frequent (Burt et al. 2004) and easily identifiable since a market exit occurs once the last store in the host country is closed. Retailers' market exits are also less reversible and more incisive events than market exits of manufacturing companies, which can more easily return to selling in a host country after a period without exporting to this country. Finally, as previously mentioned, there has been less research on divestment in retail than on foreign divestment in general (Burt et al. 2019).

2.2.1. Terminology

In the retail-specific foreign divestment field, researchers often borrow definitions from the general foreign divestment field (see section 2.2.1. for definitions of foreign divestment in general). However, Burt et al. (2003) pointed to the inexact terminology in the field and the somewhat "arbitrary" use of the same terms to describe different concepts (e.g., authors sometimes use "failure" and "divestment" interchangeably). To remedy this issue, Burt et al. (2003) provided a precise definition of foreign divestment, thus differentiating it from "failure", "closure", and "organizational restructuring", which are related but analytically distinct concepts. They defined divestment as "the process of resource allocation that reduces the presence in a foreign market" and stressed that "divestment may entail exit" (Burt et al. 2003, p. 358). Their definition includes different forms of international retail divestment, from the closure of a single store to the exit of all foreign markets. Studies 2 and 3 of this thesis focus on "market exit", defined by Burt et al. (2003, p. 359) as the "total withdrawal of a firm from an operational presence in a foreign market". Market exits can be regarded as a particular type of foreign divestment, in which MNCs entirely terminate their operational presence in a host country by liquidating or selling all of their subsidiaries in that country.

2.2.2. State-of-the-art: Drivers – Process – Outcomes

As in the general foreign divestment field, studies in the retail-specific foreign divestment field focus on three key sub-areas of research: drivers, processes, and outcomes of foreign retail divestment. The distribution of studies across these three sub-areas does not differ significantly from that seen in the general foreign divestment field: most studies investigate drivers of foreign retail divestment, while foreign divestment outcomes are only rarely studied. However, while the share of studies focusing on the foreign divestment process is meager in

the general foreign divestment literature, the retail-specific literature places more emphasis on this aspect of foreign divestment. This may be influenced by the predominant role of the (single) case-study research in the foreign retail divestment field, which often investigates market exits of one retailer in-depth, including both the drivers of these market exits and the divestment process.

2.2.2.1. Drivers of Foreign Divestment

Of the 243 studies in the overview of studies on drivers of foreign divestment in Table 2.1 (see section 2.1.2.1.), 42 are retail-specific. This considerable number of studies indicates the importance of the retail context within the general foreign divestment field. As in the general foreign divestment field, different types of retail-specific studies have investigated divestment drivers.

A few seminal *conceptual studies* are worth mentioning here (see Study 2 for a detailed overview of conceptual contributions). Mellahi et al. (2002) suggested possible drivers of foreign retail divestment can be argued from two perspectives: the industrial organization (IO) perspective locates drivers in the external environment of the retailer (e.g., increase of competition, public policy, and other interventions); the organizational studies (OS) perspective locates drivers in the internal environment (e.g., lack of congruence with the market, paralysis of decision making). In their literature review, Burt et al. (2003) identified and defined types of foreign retail failure and proposed several ways to improve research in this area, including by viewing divestment as a process rather than an event. Based on an earlier contribution by Benito (1997), they differentiated retail failure into market failure, competitive failure, operational failure, and business failure. In line with Mellahi et al. (2002), they suggested viewing market failure and competitive failure from an IO perspective, and operational failure and business failure from an OS perspective. Aklamanu (2015) proposed a theoretical framework based on the institutional theory that links the host-country institutional environment, and different pillars thereof, to failure in international retailing. Finally, Cairns et al. (2008; 2010) proposed differentiating foreign retail divestments into corporate-crisis divestments and positive-restructuring divestments. Corporate-crisis divestments are characterized by a lack of stability or focus amongst leadership and problems outside the host market, which create a need to refocus on the domestic market. Positive-restructuring divestments, on the other hand, are characterized by an ongoing process of revitalization and renewal through organizational learning that may lead to new formats or better approaches to internationalization. The conceptual contributions discussed here contributed to the initiation of essential discussions in the field (e.g., failure vs. strategy debate). Study 2 finds that divestments are triggered by multidimensional configurations of drivers from different levels and demonstrates the limits of these existing concepts.

Foreign retail divestment became a significant focus of empirical work in the mid-2000s. In the early 2000s, the first empirical studies in the field were *descriptive studies* that

provided insights into the volumes and macro-level patterns of retail divestment (e.g., Alexander et al. 2005; Burt et al. 2004; Godley and Fletcher 2001). Focusing on the European grocery sector, Burt et al. (2004) described foreign divestment activities from 1970 to 2004. Expanding their investigation to different sectors, Alexander et al. (2005) described foreign divestment activities between 1987 and 2003. These macro-level studies are based on substantial datasets which have been separately constructed by researchers at the universities of Reading (i.e., by Godley and Fletcher (2001), including 115 foreign divestment cases), Stirling (i.e., by Burt et al. (2004), including 270 foreign divestment cases), and Ulster (i.e., by Alexander et al. (2005), including 167 foreign divestment cases). These studies concluded that divestments differ across countries and regions, take several forms, are typically relatively small scale, and, on average, occur within ten years of market entry. Burt et al. (2004) showed that of the 270 foreign divestments of European grocery retailers between 1950 to 2004, 65 percent of cases were market exits (i.e., closure or sell-off of all stores in the host country), 19 percent were divestments of specific formats or stores, and 16 percent were organizational restructuring divestments (i.e., reductions of control in the investment). They also found the frequency of foreign divestments to differ across host regions and formats. Alexander et al. (2005) found the frequency of foreign divestments to differ across industry sectors and the grocery sector to be the most prone to divestment in the European retail landscape.

Soon after the emergence of these macro-level studies, the field experienced a boom in case-study research. Table 2.1. illustrates the dominance of case-study research in retail-specific foreign divestment research; 29 of the 42 retail-specific studies identified are case studies. Most of these are single case studies investigating one or a small number of divestment incidents of the same retailer. The most frequently studied retailers are Walmart (e.g., Christopherson 2007; Gandolfi and Strach 2009; Kim 2008; Pioch et al. 2009), Tesco (e.g., Palmer 2004; Yoder et al. 2016), Marks & Spencer (e.g., Burt et al. 2002; Jackson and Sparks 2005), The Home Depot (e.g., Bianchi 2006; Bianchi and Arnold 2004; Gao 2013), Carrefour (e.g., McDermott 2012; Ryu and Simpson 2011), and Royal Ahold (e.g., Palmer and Quinn 2007; Wrigley and Currah 2003). While some case studies are interview- or survey-based (e.g., Bianchi 2006; Palmer and Quinn 2007), others are based on publicly available data (e.g., Burt et al. 2008a; Yoder et al. 2016). Studies based on in-depth interviews (e.g., Mellahi et al. 2002; Palmer 2005) are typically single-firm case studies. Because of the psychological difficulties and high barriers involved in discussing the topic with managers, these researchers had to develop a high degree of cooperation with the relevant managers to access internal information regarding divestments.

The retail-specific foreign divestment field suffers from an absence of large-scale *explanatory studies*: of the 137 large-scale explanatory studies in Table 2.1., only one is retail-specific. Etgar and Rachman-Moore (2007) investigated drivers of foreign retail market failures based on survey data from Israel. The absence of large-scale explanatory studies is probably due to poor data availability. While retailers' market exits typically trigger extensive public coverage, well suited for qualitative analysis, it is more challenging to do quantitative research

in the retail-specific sector due to a lack of large-scale secondary databases covering retail operations at the country level. As mentioned above, some datasets exist (i.e., Reading dataset, Stirling dataset, Ulster dataset), but the number of cases in these datasets does not allow quantitative investigations. However, recently, commercial data and analytics providers have established large retail-specific databases, including, among other information, details about retailers' country-specific sales figures. It will be crucial for researchers to access such sources, to construct large databases of retail exits, and to quantitatively test previous findings from qualitative exploratory studies.

2.2.2.2. The Foreign Divestment Process

As mentioned above, the foreign divestment process is relatively well addressed in the retail-specific divestment field compared to the general divestment field. However, this typically manifests in case studies partly covering the divestment process alongside investigating other aspects of foreign divestments. There are only a few studies that exclusively focus on the divestment process. Alexander and Quinn (2002) and Cairns et al. (2008) identified three stages of foreign divestments: the divestment decision, the divestment process itself, and the retailer's strategic reorientation following divestment.

Regarding the divestment decision, Alexander and Quinn (2002) differentiated between (1) conditions (e.g., low unit performance in comparison to other units), (2) motives (e.g., strategic change), and (3) precipitating circumstances (e.g., change of management). Cairns et al. (2008) further developed this framework into four levels of drivers influencing the decision to divest. The (1) underlying conditions are aggravated by the (2) immediate conditions and are followed by the (3) key motives and the (4) precipitating circumstances.

The operational process of the divestment itself starts after the divestment decision has been taken. Different aspects of this process have been discussed separately in the existing literature. Cairns et al. (2008) and Jackson et al. (2005) view the internal and public announcements of the divestment as a critical moment in the process since poor communication of the decision can trigger strong resistance from various stakeholders (e.g., workers, unions, media). Similar to discussions in the general foreign divestment literature, several authors have discussed the timeframe of foreign divestments (e.g., Cairns et al. 2008; Palmer 2004; Ryu and Simpson 2011). Often, foreign retail divestments take considerable time from decision to completion: for example, Palmer (2004) found that Tesco's divestment from the French market had taken almost three years. Extant literature has also studied the role of various stakeholders in the process: Cairns et al. (2008) pointed to the difficulties in ensuring local management in the host country act in the retailers' best interest, while Jackson et al. (2005) described the case of Marks & Spencer being sued by a potential buyer in a divestment through sell-off.

2.2.2.3. Foreign Divestment Outcomes

Research on the outcomes of foreign retail divestments is scarce. In contrast to the general foreign divestment field, there are no studies to date investigating the post-divestment performance and valuation effects of foreign divestments on retailers. Furthermore, while retailers often justify their market exits based on a stated intention to focus on the core business or other, more promising markets, only a few studies in the field examine the post-divestment restructuring or expansion behavior of retailers. Cairns et al. (2008) found that retailers sometimes adapt their international strategies after they exit foreign markets. Alexander and Quinn (2002) found that retailers are likely to initiate a strategic reorientation if they demonstrate healthy pre-divestment financial performance and if the divestment is value-creating. However, when retailers divest poorly performing subsidiaries, strategic reorientation is less likely to occur. Cairns et al. (2008) found that management changes, often suggested as a precipitating circumstance triggering divestment, can also be a consequence of foreign divestment and impede retailers' post-divestment organizational learning. A few studies in the field have discussed such learning (e.g., Palmer 2004; Palmer and Quinn 2007; Wrigley and Currah 2003), including Palmer's (2004) study of Tesco's learning from numerous setbacks related to its internationalization efforts. For example, after prominently failing in numerous distant host countries, Tesco recognized the importance of adapting their business model to the local culture, considering both entry and exit barriers, and proactively developing exit strategies when doing FDI.

2.2.3. Research Gaps

In 2017, the retail-specific foreign divestment field had only existed for about 15 years and, as previously discussed, consisted of a mix of dataset-based macro-level research studying foreign divestment volumes and patterns and in-depth (single-firm) case studies investigating drivers and processes of select market exits. The following specific research gaps were identified in the process of writing this thesis and formed part of the motivation for Study 2 and 3.

Lack of studies investigating multiple foreign divestments instead of single-firm case studies

The nature of foreign retail divestment has strongly influenced both the initial research agenda and the development of research in the field, including the methodological approaches taken by authors. High-profile failures of prominent retailers are easily identifiable and typically trigger a large amount of media coverage in the form of national and foreign trade press commentaries. Thus, it is not astonishing that most (single-firm) case studies in the field investigate such cases, leading to some prominent retailers largely dominating research (e.g., Walmart, Tesco, Marks & Spencer, The Home Depot, Carrefour), and, eventually, to an over-similarity of the studied cases and a distorted picture of the overall situation. First, the type of divestments might influence the findings: for example, drivers, processes, and outcomes of

large-scale failures probably differ from those of divestments that are value-creating. Second, the type of retail company might affect the findings; for example, large-format grocery retailers may have different foreign divestment behavior than discount chains.

Single-firm case studies focusing on one or a small number of divestments undoubtedly have their benefits and allow researchers to do explorative work from the ground up and gain deep insights into the foreign divestment behavior of specific retailers. This type of research is usually followed by extensive implications for future research that are essential to explore, especially when the field is in its early stages. However, such studies investigate foreign divestments in a highly specific context, and thus their findings are specific to this context and might not apply to different contexts. Over the years, several authors have called for an investigation of more diverse divestment cases (i.e., different retailers, sectors, countries), including less prominent cases, to confirm the findings of the aforementioned single-firm case studies (e.g., Alexander and Quinn 2002; Cairns et al. 2008; Etgar and Rachman-Moore 2007; O'Grady and Lane 1997). Studies 2 and 3 of this thesis answer this call. Although both are qualitative case studies, they investigate all market exits within a dataset with temporal and geographical boundaries instead of investigating only select cases: Study 2 investigates *all* 32 market exits that occurred amongst the 50 largest grocery retailers in Europe between 2014 and 2018, while Study 3 investigates *all* 43 market exits that occurred amongst the ten largest store-based retailers in the world between 2005 and 2020. These studies are not quantitative and do not intend to generate generalizable results, but they provide an accurate picture of the foreign retail divestment phenomenon within the retail sector.

Lack of studies focusing on combinations of foreign divestment drivers

Parent firms take divestment decisions regarding foreign subsidiaries that are located in specific host countries. Therefore, it stands to reason that these decisions are made based on a combination of drivers at the parent-firm, subsidiary, and host-country levels. Hence, it is essential to investigate combinations of drivers (both at the same levels and across different levels) and the complexity of their interactions and relationships. Indeed, several studies highlight that foreign divestments could result from multiple drivers simultaneously rather than individual drivers (e.g., Aklamanu 2015; Jackson et al. 2005; Yoder et al. 2016). While this assumption is mentioned frequently, it is rarely investigated further. Most studies in Table 2.3. investigate drivers in isolation.

Some studies include the analysis of interactions between two different drivers. For example, Delios and Beamish (2001) studied interactions between two parent-level drivers, "host country experience" and "advertising intensity". Belderbos and Zou (2009) similarly investigated interactions between the host-country level drivers of "institutional instability" and "economic growth", while Berry (2013) analyzed interactions between subsidiary performance and host country potential. However, the conclusions from these studies remain tentative, and as of 2017, no investigations had yet focused on how complex combinations of drivers (i.e.,

several drivers at different levels) trigger foreign divestments. The main aim of Study 2 was to address this research gap and obtain a more holistic view of how drivers influence foreign divestment.

Lack of studies taking a longitudinal perspective on foreign divestment behavior

Most of the studies up to 2017 study foreign divestments in isolation (i.e., view divestments as standalone actions influenced by different drivers). This static approach dominates in both the general divestment field and the retail-specific field. It differs from the approach taken in expansionist IB research, where authors typically take a longitudinal perspective and study MNCs' long-term expansion behavior. In this context, the dominant theoretical lens is the IP model (Johanson and Vahlne 1977), which explains firms' increasing commitment in foreign markets and sequences of market entries in the long term. However, as internationalization is characterized by both expansion and divestment (Jackson and Sparks 2005; Swoboda and Schwarz 2006; Vissak and Francioni 2013; Wrigley and Currah 2003), there is no reason to suppose that market exits, compared to market entries, should be isolated events in MNCs' internationalization. Thus there is no reason to study these two aspects of internationalization in such different ways.

Authors found isolated divestments to be driven by industry-level factors, best explained from an IO perspective, and by firm-specific influences, i.e., mainly related to their resources, explained from a CS perspective (Burt et al. 2019; Burt et al. 2003; Dawson 2001; Młody 2016; Wrigley and Currah 2003). However, the focus on isolated divestment incidents tends to overemphasize specific characteristics at a particular moment in time and neglect the broader context. Furthermore, while taking a static approach might allow researchers to differentiate between internal (i.e., mainly firm-related) drivers from external (i.e., mainly host-country related) drivers, studying the relevance of an IO vs. a CS perspective crucially requires taking a longitudinal approach.

On the one hand, the IO perspective posits that the industry's structural characteristics constrain its component firms' strategic behavior, leading to homogeneous strategic behavior among the firms in an industry (Hawawini et al. 2003; Porter 1980). The existence or absence of such homogeneity can only be observed by studying multiple retailers in the industry across time. On the other hand, the CS perspective posits that foreign subsidiaries can be seen as resources that are parts of MNCs' foreign market portfolios. Portfolio management, including selecting foreign markets, is at the center of MNCs' internationalization strategy. From this perspective, foreign divestments can be the result of portfolio-related strategic decisions to leave particular markets. Authors such as Vahlne and Nordström (1993) suggest MNCs use foreign divestments as strategic vehicles in their long-term efforts to optimize their scarce resources. Several authors have argued that strategic restructuring efforts at the corporate level sometimes suffice to trigger divestment decisions regardless of the subsidiary's performance or the development of the host country's conditions (Hennart et al. 1998). When taking a portfolio

approach, it is essential to compare foreign operations in the portfolio to one another and not study foreign operations in isolation. When internal or external factors affect the relative value of the various foreign operations in the portfolio, MNCs shift their resources to strategic opportunities that yield higher returns and divest foreign operations for which they have lower expectations (Berry 2013). Since each MNC has a unique resource base, the CS perspective expects divestment behavior to be heterogeneous across the industry. However, corporate-strategy considerations and the relative value of subsidiaries within MNCs' portfolios, based on their current and expected future performance, have been largely ignored in the existing foreign divestment literature. This is probably the result of authors not being able to access primary longitudinal data to analyze such strategic issues. While this is a significant gap in the literature, it cannot be emphasized enough that studies on foreign divestment are limited due to the topic's sensitivity (e.g., Godar 1997; Grunberg 1981; Hamilton and Chow 1993; Loke 2008). Grunberg (1981) stressed that few topics in the business world are "as sensitive and secretive" as foreign divestments.

The main aim of Study 3 was to take a longitudinal approach to investigating retailers' foreign divestments and consider their divestments as related events within their overall internationalization strategies. For the first time, this approach also enables proper investigation of the IO- and CS perspectives' suitability as explanatory approaches in the foreign divestment field.

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3. Study 1: Decades of Research on Foreign Subsidiary Divestment: What Do We Really Know About its Antecedents? [12]

3.1. Introduction

Divestments of foreign subsidiaries are a common phenomenon within the internationalization process of companies. Berry (2013) finds that around 22 percent of subsidiaries of U.S. firms were divested within 15 years of observation. Benito (1997) shows that more than half of foreign subsidiaries of Norwegian firms in 1982 were divested within ten years.

For the purpose of this study, we define foreign subsidiary divestment in line with previous literature as the liquidation or sale of a foreign subsidiary by the parent firm (e.g., Hennart et al. 1998; Mata & Portugal 2000; Song 2014b). It has to be emphasized that international divestment does not only occur due to failure (Boddewyn 1979) but "divestment and new investment now go hand in hand" (Dunning & Lundan 2008, p. 190). Thus, divestment should be seen as a 'natural' aspect within the development of companies (Van De Ven & Poole 1995).

In the last decades, scholars have intensively investigated different antecedents to understand why certain subsidiaries face higher divestment likelihoods than others (e.g., Barkema et al. 1996; Benito 1997). While these studies have contributed to understanding the influence of different factors on foreign subsidiary divestment, study results for many variables are ambiguous. For example, whilst certain authors find that subsidiaries active in culturally distant host countries face higher divestment likelihoods than subsidiaries active in culturally close countries (e.g., Chung et al. 2013b; Song 2014a), others find the opposite (e.g., Delios et al. 2008; Hebert et al. 2005). We observe such inconsistent results for many variables. Consequently, this blurred situation in extant literature is a research gap that asks to be closed by a clarification in the form of a synthesis of the existing empirical evidence.

Due to its ability to combine effects found in primary studies into a common metric with high statistical power and robustness, meta-analysis has been applied to some core questions in IB research like FDI attractiveness and location choice (Bailey 2018), cultural distance and firm performance (Magnusson et al. 2008), and market entry strategies (Morschett et al. 2010), but not for antecedents of foreign subsidiary divestment. Recently, a quantitative review on the antecedents of corporate divestments on a domestic level has been provided (Kolev 2016). However, foreign divestment is argued to be different from domestic divestment (Boddewyn 1983a). Empirical studies on divestment reflect this. The 13 variables that Kolev (2016) synthesizes as antecedents of domestic divestment are, to a large extent, different from the

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antecedents that are considered relevant in studies on foreign divestment. Thus, a specific study on foreign divestment is still required.

The contributions of our article are manifold. First, we provide a descriptive picture of the research stream by content analyzing the included studies. Second, we qualitatively and quantitatively synthesize 18 variables stemming from 45 empirical research articles. Qualitatively, we offer a theoretical deduction for each variable by summarizing the key predictions from empirical and non-empirical literature. Quantitatively, by means of meta-analysis, we synthesize effects found in primary literature. We identify robust empirical findings, which can serve as a base for further analyses of antecedents of foreign subsidiary divestment. Third, we investigate methodological moderating effects through meta-analytic regression analysis. Finally, based on this consolidation of extant knowledge, we propose avenues for future research on foreign subsidiary divestment.

3.2. Theory and Hypotheses

Existent empirical studies have investigated numerous factors potentially influencing the divestment likelihood of a foreign subsidiary. Our literature search and coding process revealed 64 different variables which were investigated in at least two studies. A complete list of these variables and the frequency they were investigated can be found in Appendix 3.1. Integrating the effects of primary studies into a meta-analysis requires the application of strict inclusion criteria, which we detail in the methodology chapter. A list of the variables conforming to these inclusion criteria can be found in Appendix 3.2. Each variable requires a minimum of statistical evidence. Thus, we decided to only test variables for which we found at least seven effect sizes in the form of bivariate correlations. The application of these criteria resulted in the inclusion of 18 variables. In this paper, we build on prior theorizing (Berry 2013) in grouping potential antecedents into three broad categories, namely characteristics of the parent firm, of the foreign subsidiary, and of the host country the subsidiary is active in.

For each variable, the most relevant arguments from previous literature are given to develop hypotheses about the direction of their effects. Wherever possible, we point to the most relevant theoretical framework used to argue the effect on foreign subsidiary divestment. Since several variables can be grounded in different theories, Table 3.1. gives an overview of the theoretical perspectives that are used in the literature to explain foreign divestment and their corresponding variables.

3.2.1. Parent Firm Level Antecedents

3.2.1.1. Parent Firm Size

According to the resource-based view, a large parent firm can support its foreign subsidiary with different types of resources (Belderbos & Zou 2009; Dhanaraj & Beamish 2009), such as intangible assets (Pennings et al. 1994). This protects the subsidiary and leads to a lower divestment likelihood.

On the other hand, in a larger firm, the single subsidiary represents, ceteris paribus, a smaller part of the total business. This lower relevance of a single subsidiary could reduce barriers to divestment (Belderbos & Zou 2009; Benito 1997).

Given the two-sided arguments, we posit two opposite hypotheses for this variable:

Hypothesis 1a. The size of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

Hypothesis 1b. The size of the parent firm has a positive effect on the divestment likelihood of a foreign subsidiary.

3.2.1.2. Parent Firm Host Country-specific and General International Experience

From an organizational learning perspective, acquired experience plays an essential role in the internationalization of MNCs since it helps them overcome their liability of foreignness (Kim et al. 2010). MNCs gain two different types of international experience: host country-specific experience and general international experience.

Through previous host country experience, a firm is expected to have gathered local market knowledge, allowing it to overcome disadvantages (e.g., Dow & Larimo 2009; Hennart et al. 1998; Zeng et al. 2013b), such as limited access to local resources in the host country (Garg & Delios 2007) and uncertainty concerning local market conditions (Li 1995). Furthermore, companies with host country experience are better embedded in the local market and gain local legitimacy (Henisz & Delios 2004; Zaheer & Mosakowski 1997). The institutional theory argues that this is critical for foreign subsidiaries since this makes them less likely to be subject to opportunistic behaviors from the local government (Mata & Freitas 2012).

Hypothesis 2. The host country-specific international experience of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

Furthermore, MNCs can gain heterogeneous internationalization know-how, which is applicable to every new international venture (Kim et al. 2012). Experience is bundled at the parent level and transferred to new subsidiaries, helping them to avoid certain mistakes and to find better and faster solutions to emerging issues (Benito 1997; Norback et al. 2015; Song 2015). Furthermore, experienced MNCs tend to build up effective internationalization processes, preventing poor decisions at the outset of the venture and thus decreasing the risks of divestment at a later point in time (Benito 1997).

Hypothesis 3. The general international experience of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

3.2.1.3. Parent Firm R&D Intensity

The resource-based view suggests that capabilities and assets originating from R&D activities can create a sustainable competitive advantage (Barney 1991). R&D investments are undertaken to create ownership advantages, which promote survival (Benito 1997) by providing

the foreign subsidiary with the necessary firm-specific advantages to compete with local firms (Delios & Makino 2003).

Hypothesis 4. The R&D intensity of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

3.2.1.4. Parent Firm Advertising Intensity

According to the resource-based view, advertising intensity, similarly to R&D intensity, creates intangible assets (Delios & Beamish 2001). Intangible assets in the form of brand equity provide the firm with competitive advantages that enhance its performance and figure as an effective barrier against failure (Mata & Portugal 2000; Song 2014b).

Hypothesis 5. The advertising intensity of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

3.2.1.5. Parent Firm Financial Performance

Based on a resource-based logic, research has argued that foreign divestments are often rooted in financial problems of the parent firm (Boddewyn 1983b; Torneden 1975). Profitable MNCs are more successful in their FDI projects since they have the necessary resources to support their subsidiaries (Barkema et al. 1996; Jensen 1986). On the contrary, weakly performing MNCs might need to divest foreign subsidiaries to reinvest the generated liquidity in their home market (McDermott 2012).

Hypothesis 6. The financial performance of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

3.2.1.6. Parent Firm Geographical Diversification

Some authors suggest that higher geographical diversification protects foreign subsidiaries from divestment. Geographical diversification provides an MNC with more real options and resulting operational flexibility, e.g., to shift value chain activities between subsidiary locations (Belderbos & Zou 2009; Chung et al. 2013a; Fisch & Zschoche 2012; Mudambi & Zahra 2007). Furthermore, geographical diversification helps to reduce different forms of risk for the MNC (Chung et al. 2013a). In this perspective, geographical diversification is a resource for the parent firm which can be used to protect its foreign subsidiaries.

Other authors propose that geographically diversified MNCs are more likely to divest a foreign subsidiary (Chung et al. 2013a; Liebeskind et al. 1996), which can also be argued from a real options perspective. The real option value of a specific subsidiary may be smaller in a geographically wider spread MNC, and it can be more easily replaced by another subsidiary (Chung et al. 2013a; Dhanaraj & Beamish 2009; Getachew & Beamish 2017).

Because of inconclusive theoretical arguments, we posit two opposite hypotheses for this variable:

Hypothesis 7a. The geographical diversification of the parent firm has a negative effect on the divestment likelihood of a foreign subsidiary.

Hypothesis 7b. The geographical diversification of the parent firm has a positive effect on the divestment likelihood of a foreign subsidiary.

3.2.2. Subsidiary Level Antecedents

3.2.2.1. Subsidiary Size

From a resource-based view, a larger subsidiary possesses more resources and is thus better equipped to resist environmental shocks and cope with financial difficulties (Hebert et al. 2005; Näslund 1964; Reuer & Leiblein 2000). Furthermore, large subsidiaries can benefit from economies of scale in their production and research activities (Norback et al. 2015). Moreover, operational costs might be reduced by a better access to capital, natural and human resource markets, and a higher bargaining power with different third parties (Chung et al. 2013b). Subsidiaries that reach a certain size are of higher relevance to the parent firm. This might entail a higher commitment of the latter and protect them from divestment (Fisch & Zschoche 2012; Song 2015).

Hypothesis 8. The size of a foreign subsidiary has a negative effect on its divestment likelihood.

3.2.2.2. Subsidiary Age

An effect of subsidiary age can be expected from the organizational learning perspective. Young organizations are faced with a “liability of newness” which is particularly pronounced for foreign subsidiaries confronted with a new local environment (Belderbos & Zou 2009). They may, therefore, be more prone to be divested than elder and more experienced organizations that have learned to successfully operate in the environment of the host country (Hannan 1998). Furthermore, a subsidiary builds up its own resources over time. Moreover, according to the institutional theory, older subsidiaries had more time to develop internal and external legitimacy and thus are more likely to benefit from parent firm resources and from the support of the host country government and other local actors (Benito 1997; Hannan & Freeman 1984).

There are, however, arguments suggesting a positive effect of the age of the foreign subsidiary on its divestment likelihood. Young subsidiaries are often intensively supported by the parent firm in the initial stages (Hannan 1998). Parent firms typically endow new subsidiaries with resources, including assets, goodwill, and commitment. Subsidiaries are not likely to get divested until these resources are exhausted (Fichman & Levinthal 1991). Furthermore, it requires some time after the establishment of a foreign subsidiary before a parent firm may detect reasons for divestment. Thus, for a certain time after their establishment, subsidiaries are protected from immediate divestment.

Given the inconclusive argumentation, we posit two opposite hypotheses for this variable.

Hypothesis 9a. The age of a foreign subsidiary has a negative effect on its divestment likelihood.

Hypothesis 9b. The age of a foreign subsidiary has a positive effect on its divestment likelihood.

3.2.2.3. Subsidiary Entry Mode

Whether a firm has entered a foreign country with a wholly-owned subsidiary (WOS) or an international joint venture (IJV) is argued to influence its divestment likelihood, mainly from a transaction-cost perspective. IJVs are known to have a high failure rate (e.g., Hennart et al. 1998) and to be less stable than WOS (Li 1995). Reasons include organizational complexities (Belderbos 2003) caused by shared management originating from two separate organizations (Hennart et al. 1998), differing strategies and cultures of the IJV partners resulting in integration problems, high transaction and operation costs, and decreased speed of reaction (Gaur & Lu 2007; Papyrina 2007). Also, the IJV confronts the parent firm with a "double-layered acculturation" (e.g., Barkema et al. 1996), i.e., differing organizational and national cultures. Overall, from a transaction cost perspective, IJVs often lead to higher costs of governance than WOS.

Furthermore, barriers to divestment might be higher for WOS, since exit costs are higher (Hebert et al. 2005; Papyrina 2007).

Hypothesis 10. Wholly-owned subsidiaries are less likely to be divested than foreign subsidiaries in the form of IJV.

3.2.2.4. Subsidiary Ownership Level

The subsidiary ownership level is closely related to the entry mode, with the entry mode being a binary variable and the ownership level of the parent firm in the subsidiary a continuous variable. Thus, most of the transaction cost related theoretical arguments from the last section apply here. A larger equity position in the subsidiary increases the parent firm's control over the subsidiary's systems, methods, and decisions (Pan & Chi 1999; Song 2014c). It allows the MNC to promote its own managers to key positions within the subsidiary, which leads to a faster and more efficient decision-making process (Gaur & Lu 2007).

Hypothesis 11. The ownership level of the parent firm in a foreign subsidiary has a negative effect on its divestment likelihood.

3.2.2.5. Subsidiary Establishment Mode

Two types of establishment modes can be distinguished for foreign subsidiaries: acquisition and Greenfield investment (Woodcock et al. 1994). Thereof, acquisitions are consistently argued to have a higher divestment likelihood (Benito 1997; Hennart et al. 1998). Foreign acquisitions confront the parent firm with a "double-layered acculturation" (Barkema et al. 1996; Li 1995) but also challenges due to other institutional differences on the country- and on the organizational level. While a good integration is decisive for the performance of the subsidiary (Bauer & Matzler 2014), the acquisition and successful integration of a foreign company is a very complex and costly process (Jemison & Sitkin 1986; McCloughan & Stone

1998), and previous research has shown that post-acquisition integration often fails (Dikova & van Witteloostuijn 2007). Furthermore, MNCs often struggle to make their acquisitions financially successful because they often overpay their acquisition targets in the first place (Varaiya & Ferris 1987; Zejan 1990).

Furthermore, acquisitions can be seen as bundles of assets that are non-specific and easily separable from the firm, while Greenfield investments tend to be made in search of more tailored and specific assets (Hennart et al. 1998; Mata & Portugal 2000). Acquired subsidiaries, thus, are easier to re-sell. Moreover, the parent firm is less reluctant to give them away (Mata & Portugal 2000), since it is more committed to the subsidiaries that it builds from scratch (Li 1995).

Hypothesis 12. Foreign subsidiaries established via acquisition are more likely to be divested than foreign subsidiaries established via Greenfield investment.

3.2.2.6. Subsidiary Financial Performance

Financial considerations are seen as one of the strongest drivers of divestment (e.g., Benito & Welch 1997; Berry 2013; Fisch & Zschoche 2012). Financially successful subsidiaries are likely to build up resources, which, from a resource-based view, protects these subsidiaries from divestment (Hebert et al. 2005). On the other hand, persistent poor performance of a subsidiary puts pressure on the parent firm's management because of potential negative effects on the firm's market value (Li & Liu 2015). Hamilton and Chow (1993) argue that shareholders expect companies to divest unprofitable assets through sale and use the generated liquidity to strengthen the balance sheet.

Hypothesis 13. The financial performance of a foreign subsidiary has a negative effect on its divestment likelihood.

3.2.2.7. Subsidiary Product Unrelatedness

Subsidiary product unrelatedness refers to the foreign subsidiary being active in the core line of business of a parent company or not (e.g., Berry 2013; Zeng et al. 2013a). Literature provides several explanations suggesting a higher divestment likelihood for unrelated subsidiaries. Especially in an international context, the costs and risks of a diversification strategy are considerably high (Bane & Neubauer 1981). Reasons for this are mainly knowledge-based and include the complexity of managing a subsidiary in an unfamiliar business field as well as a lower degree of exploitation of given knowledge and ownership advantages (Benito 1997; Berry 2013; Hennart et al. 1998). Furthermore, an unrelated subsidiary will allow for fewer synergies in procurement and production and thus be less integrated in business processes with its parent company, which makes the divestment process easier (Berry 2013; Singh & Montgomery 1987).

Hypothesis 14. Unrelated foreign subsidiaries are more likely to be divested than related foreign subsidiaries.

3.2.3. Host Country Level Antecedents

3.2.3.1. Host Country Risk

Two dimensions are essential to determine the effect of country risk (Moosa 2002). First, according to the institutional theory, political risks, including, among others, political and legal stability, bureaucracy, and risk of war, cause high uncertainty for an MNC. A regime change makes parts of its experience and relationship useless (Henisz & Delios 2004). Second, economic or financial risks, including, among others, currency instability, inflation and employment rates, also create unfavorable conditions (e.g., Belderbos & Zou 2009; Chung et al. 2010). Location advantages of a host country for an MNC's business operations are influenced by the stability of the political and financial situation of the host country (Benito 1997).

Hypothesis 15. The host country risk has a positive effect on the divestment likelihood of a foreign subsidiary.

3.2.3.2. Host Country Economic Growth

Host country market growth is an indicator of market attractiveness, as it determines its long-term potential (Benito 1997; Garg & Delios 2007). A growing host country market is attractive for a subsidiary as it creates opportunities for new business and better profits (Berry 2013; Song 2014c). Growing markets attract FDI, in particular as other markets are stagnating (Getachew & Beamish 2017). It results in the increase of capacities and possible economies of scale (Benito 1997). Economic growth of the host country is essential to create or maintain location advantages and to be attractive for FDI activities (Benito 1997).

Hypothesis 16. The economic growth of the host country has a negative effect on the divestment likelihood of a foreign subsidiary.

3.2.3.3. Host Country Cultural Distance

Studies mainly based on the institutional theory and the knowledge-based view argue that cultural distance between the host country of the foreign subsidiary and its home country has a positive effect on the likelihood of divestment. Cultural distance is sometimes used as a proxy for the liability of foreignness an MNC faces in a host country (Mezias et al. 2002). MNCs operating subsidiaries in culturally distant countries have to deal with challenges related to uncertainty, difficult knowledge transfer, information processing and a need for adaptation to the host country market and its institutions (Brouthers & Brouthers 2001; Javidan et al. 2005; Sousa & Tan 2015). An MNC might divest a foreign subsidiary if the acculturation effort required is too intensive and costly (Barkema et al. 1996; Hutzschenreuter et al. 2011).

Hypothesis 17. The cultural distance between host country and home country has a positive effect on the divestment likelihood of a foreign subsidiary.

3.2.3.4. Host Country Income Level

GDP per capita can be used as a proxy to measure a countries' economic health (Schneider & Frey 1985; Tsai 1994). FDI into high-income countries, where a high average income creates high market demand and, thus, business opportunities, is likely to be more profitable than in economically weak countries (Luo 1997; Schneider & Frey 1985; Song 2014c), making subsidiaries less likely to be divested.

Hypothesis 18. The income level in the host country has a negative effect on the divestment likelihood of a foreign subsidiary.

3.3. Methodology

3.3.1. Literature Search and Inclusion Criteria

To identify all potentially eligible empirical studies analyzing the factors that influence the likelihood of foreign subsidiary divestment, we used systematic search methods following recent meta-analysis articles (Cao et al. 2018; Zhong et al. 2017) and applied multiple complementary search strategies to find all relevant published and unpublished studies up to July 2019. First, we conducted a systematic search in leading electronic databases (Business Source Complete, EconBiz, Emerald, JSTOR, ScienceDirect, Wiley Online Library, and Google Scholar). To scan the titles and abstracts for relevant studies, an extensive list of keywords covering subsidiary exit, survival, and related concepts (see Appendix 3.3.) was prepared beforehand and gradually expanded during the search process.

Second, the tables of contents of all volumes of more than ten top-tier journals in international management and related areas were scanned through manually to identify studies missed in step one (Journal of International Business Studies, International Business Review, Journal of International Management, Management International Review, Journal of World Business, Global Strategy Journal, European Journal of International Management, European Management Journal, Asia Pacific Journal of Management, Journal of Common Market Studies, Management and Organization Review, Asia Pacific Business Review, African Affairs). This list is based, inter alia, on the Association of Business Schools (ABS). Third, we used snowball sampling and manually searched the reference lists and citations of the studies we identified in steps one and two. Fourth, to avoid publication bias (Borenstein et al. 2011), we searched the SSRN and RePEc databases to locate unpublished papers. For the same reason, we did not only include published journal articles but also recent conference proceedings and studies from book chapters. However, to avoid the risk of including studies of lower quality, we did not include working papers.

With this method, we identified 283 studies on the antecedents of foreign subsidiary divestment. After the exclusion of non-quantitative studies, we had a dataset of 142 studies. This dataset was then subjected to a set of content-related and methodological inclusion criteria. To be included, a study had to investigate the relationship between one or more independent

variable(s) and foreign subsidiary divestment. In most cases, the dependent variable is a dummy variable for subsidiary divestment versus subsidiary survival in a given year. Studies analyzing the longevity of foreign subsidiary operations (in number of years) were excluded. We included studies with mixed samples of WOS and IJVs.[13] Studies solely focusing on the divestment of IJVs were excluded for several reasons. First, studies on IJV exit, stability and survival highlight IJV-specific variables (e.g., cultural distance between partners, governance issues, JV experience of the parents, conflicts) as most relevant antecedents (e.g., Makino et al. 2007; Nemeth & Nippa 2013). These specific reasons for IJV divestment strongly reduce the influence of other antecedents, which would render the identification of general divestment antecedents more difficult. Second, IJVs have, by definition, several parents, while all the studies on foreign subsidiary divestment that we identified only investigate the influence of one parent company. Thus, information on other parents is missing from those primary studies. Also, for many variables, this would require a different discussion on the separate influence of each parent and on their interaction. Third, there is already substantial specific research on IJV exit and survival, including a number of review articles (e.g., Jiang et al. 2008; Nemeth & Nippa 2013; Nippa & Reuer 2019; Yan & Zeng 1999), making the research gap in this field smaller than in the foreign divestment field in general.

Several of the identified studies rely on identical or overlapping samples.[14] While studies with overlapping samples may still provide information, integrating dependent samples may bias the aggregated effects and produce false-positive results (Wood 2008). To eliminate the problem associated with dependent samples, we followed the procedure proposed by Tramèr et al. (1997) and von Elm et al. (2004). We analyzed the sample characteristics of each study and identified critical overlaps of samples (e.g., in database, home and host country, time period). We defined the study with the largest number of observations as “main study”, and other studies based on the same or strongly overlapping sample as “complementary study” (see Appendix 3.4. for a list of main and complementary studies included in the meta-analysis). We primarily used the coefficients from the main study for the meta-analysis. Effect sizes from the complementary studies were only integrated into the meta-analysis if the main study did not provide a coefficient for one specific variable. With this procedure, each sample is only used once for the meta-analysis of one specific variable.

We limited the analysis to those antecedents for which at least seven effect sizes (bivariate correlations) could be found (Appendix 3.2.). Where primary studies did not display correlation tables including the dependent variable, we contacted the authors of these articles directly and obtained 15 additional correlation tables.

[13] Studies that include both WOS and IJVs but do not display results for both sub-groups separately.
[14] We thank two anonymous reviewers for indicating this important methodological issue to us.

By applying all criteria, we ended up with a final sample of 45 studies (see Appendix 3.4.) with a total of 236 correlations describing the relationship between 18 explicative variables and the likelihood for foreign subsidiary divestment.

3.3.2. Study Coding

Following Lipsey & Wilson (2001), we developed a coding questionnaire for the data collection. A set of 10 studies was collectively coded by two independent experts at the beginning, and inter-judge agreement statistics (percentage agreement and Cohen's Kappa) were computed (Orwin & Vevea 2009). Both the calculation-based information (e.g., effect size, number of observations) and the non-calculation-based information (e.g., variable operationalization) are rather objective in nature. Consequently, results were very satisfying, with a high degree of interrater agreement (Cohen's Kappa = 0.97). In case of discrepancies between coders, we searched for an agreement and adjusted the coding questionnaire and instruction manual if necessary.

3.3.3. Meta-analytic Procedures

In accordance with many recent meta-analyses in IB research (e.g., Bailey 2018; Beugelsdijk et al. 2018), we used a Hedges-Olkin-type meta-analysis (Hedges & Olkin 1985; Lipsey & Wilson 2001).

Following most authors in IB literature (e.g., Dahlgrün & Bausch 2019; Fourné et al. 2019; Watts et al. 2019), we base our meta-analysis on bivariate (zero-order) correlations. At present, there is a controversial debate on the use of bivariate and partial correlations for meta-analytic synthesis, in which some authors argue for the use of partial coefficients (e.g., Becker 2009; Jeny & Moldovan 2018; Marano et al. 2016). While the use of bivariate correlations has longstanding practice (Lipsey & Wilson 2001; Schmidt & Hunter 2014), an important argument for the use of partial correlations is the sometimes scarce reporting of bivariate correlations in primary studies (Aloe 2015). However, major methodological issues arise when approximating correlations from beta-coefficients. These are influenced by other variables in the underlying heterogeneous regression models, so they are not comparable to each other (Lipsey & Wilson 2001; Peterson & Brown 2005; Roth et al. 2018; Schmidt & Hunter 2014). This leads Combs et al. (2019) to strongly advocate the exclusive use of bivariate correlations, which we follow in our meta-analysis.

To integrate the effect sizes into summary effects, we used multiple analyses to investigate each relationship separately (Borenstein et al. 2011; Hedges & Olkin 1985). We performed random-effects models with the DerSimonian and Laird estimator for the between-study variance (Borenstein et al. 2011) to allow for real differences in the effects across studies.

As suggested in the literature (e.g., Borenstein et al. 2011; Hedges & Olkin 1985), we used Fisher's Z-transformation of the bivariate correlations and performed the analyses on the z-values. The values were then back-transformed into correlations for the presentation of the

results. We computed confidence intervals at the 95% level for the summary effect and assessed the importance of between-study heterogeneity by including a Q-statistic.

Many variables were not operationalized consistently across studies. This might influence the effect sizes found in primary studies and, thus, affect our results. In order to investigate whether the heterogeneity of effect sizes is caused by study level moderators (the operationalization of variables) and to ensure that we do not present skewed results, we used meta-analytic regression analysis, a weighted least squares technique that allows to test each model against a number of moderator variables (Lipsey & Wilson 2001; Viechtbauer 2010). This analysis was applied to the eight variables for which we had sufficient information on study characteristics that could serve as potential moderators. We used mixed-effects models, i.e., random-effects models with categorical moderators and DerSimonian and Laird estimators for the between-study variance (Viechtbauer 2010).

To check for publication bias, we applied Rosenthal's (1979) file drawer method and calculated fail-safe k. We also tested for funnel plot asymmetry by using the rank correlation test by Begg and Mazumdar (1994) and the regression test by Egger et al. (1997). To examine the sensitivity of our results, both the Trim-and-Fill test proposed by Duval and Tweedie (2000) as well as LeaveOneOut method was conducted (Viechtbauer 2010). There is no indication of a serious publication bias.

3.4. Results

3.4.1. Surveying the Empirical Research Field

The included studies were systematically content analyzed to obtain a descriptive picture of the research stream. A descriptive table of the included studies and their characteristics is displayed in Appendix 3.4.

The most common publication outlets for the studies are Journal of International Business Studies (8), Strategic Management Journal (5), Journal of World Business (5), and Management International Review (4). The years of publication range from the year 1995 to the year 2019. All studies use a mixed-longitudinal research design, observing a large number of subsidiaries over multiple years.

Authors used different types of regression models to assess the effect of potential antecedents on the likelihood of foreign subsidiary divestment. By far the most prominently used is the Cox proportional hazard regression analysis (e.g., Gaur & Lu 2007). Other commonly used statistical methods are logistic regression (e.g., Li 1995) and probit regression (e.g., Belderbos & Zou 2009).

Out of 45 studies, 43 are based on secondary data. Only Sousa & Tan use primary data in their analysis (Sousa & Tan 2015; Tan & Sousa 2019). Authors justify the use of secondary data with the assumption that foreign divestments are a sensitive and highly political issue in many companies and that it is thus difficult for researchers to access primary data in the form

of surveys or interviews. This has important implications for the research field since it severely limits the type of antecedents that can be analyzed in primary papers.

Primary studies do not always include precise information about the home and host country(ies) of their samples, especially when they analyze multiple countries. While 34 studies analyze samples with subsidiaries in multiple host countries, 11 studies look at subsidiaries in only one host country: China (5), USA (3), and 4 other countries. Most studies analyze subsidiaries from one single home country. Japan (21) and Korea (9) are clearly the most frequent home countries of divesting parent companies, followed by the US (3) and China (3). The overrepresentation of Japan and Korea is probably due to reasons of data availability. Both countries have extensive databases of all outward FDI investments (KMSF Database for Korea and Toyo Keizai Database for Japan).

Information about the subsidiary types in the samples is very scarce across a large part of the studies. Even though it can be assumed that most studies analyze manufacturing subsidiaries, this is only explicitly mentioned in 21 studies.

The theories used to explain potential effects vary. Table 3.1. displays the most prominent theories used in primary studies, the variables that they explain, their rationale for subsidiary exit, and their proposed effect.

Table 3.1.: Main Theories and Their Rationales for Foreign Subsidiary Divestment

Main Theory	Rationale for foreign subsidiary divestment	Selected variables and theoretical effect
Resource-based view	Financial and non-financial resources create competitive advantages and protect foreign subsidiaries from divestment (e.g., Barney 1991; Dhanaraj & Beamish 2009; Hebert et al. 2005).	Parent firm size (-) Parent R&D intensity (-) Parent advertising intensity (-) Parent firm financial performance (-) Subsidiary size (-) Subsidiary age (+/-) Subsidiary financial performance (-) Parent firm geographical diversification (-)
Knowledge-based view	Knowledge protects foreign subsidiaries from divestment (e.g., Berry 2013). The knowledge transfer from the MNC to a subsidiary is less effective in unfamiliar business fields (e.g., Benito 1997; Javidan et al. 2005).	Subsidiary product unrelatedness (+) Host country cultural distance (+)
Organizational learning perspective	Over time, foreign subsidiaries acquire relevant knowledge that lowers their liability of foreignness and thereby protects them from divestment (e.g., Belderbos & Zou 2009; Hennart et al. 2002; Kim et al. 2010).	Parent firm host country-specific international experience (-) Parent firm general international experience (-) Subsidiary age (-)
Transaction cost theory	Foreign subsidiaries are subjected to different degrees of transaction costs depending on their entry mode and ownership levels. Uncertainty and other characteristics of foreign markets increase the costs of less internalized transactions relative to higher levels of vertical integration (e.g., Gaur & Lu 2007; McCloughan & Stone 1998).	Subsidiary entry mode IJV (+) Subsidiary ownership level (-)
Real options theory	MNCs geographically diversify, and their foreign subsidiaries serve as "real options" to keep flexibility, e.g., to move operations. The enhanced flexibility of the MNC can protect foreign subsidiaries from divestment (e.g., Chung et al. 2013a; Dhanaraj & Beamish 2009; Fisch & Zschoche 2012). On the contrary, the real option value of an individual subsidiary is lower in more geographically diversified MNCs because other subsidiaries may serve a similar role (e.g., Chung et al. 2013a; Dhanaraj & Beamish 2009; Getachew & Beamish 2017).	Parent firm geographical diversification (+/-)

Institutional theory	Institutional characteristics of the host country are relevant, and subsidiaries face important information processing and adaptation challenges in countries with important cultural and institutional differences (e.g., Brouthers & Brouthers 2001; Henisz & Delios 2004; Hutzschenreuter et al. 2011). Foreign subsidiaries that have gained local legitimacy and are embedded in the local environment can minimize these challenges (e.g., Henisz & Delios 2004; Mata & Freitas 2012).	Parent firm host country-specific international experience (-) Subsidiary age (-) Host country risk (+) Host country cultural distance (+) Host country economic growth (-)
Reverse eclectic paradigm	MNCs reverse their FDI decisions and divest their foreign subsidiaries if they lose ownership, location, or internalization advantages (Boddewyn 1983b). This theory eclectically combines several of the above-mentioned theories, and thereby the variables argued in these theories: the resource-based view and the knowledge-based view (O), the institutional perspective (L), and the transaction cost theory (I).	

Prominent theories are the resource-based view (e.g., for parent firm R&D intensity), the knowledge-based view (e.g., for subsidiary product unrelatedness), the organizational learning perspective (e.g., for parent firm host country-specific experience), the transaction cost theory (e.g., for subsidiary entry mode), the real options theory (e.g., for parent firm geographical diversification), and the institutional theory (e.g., for host country cultural distance). While only a few authors (e.g., Benito 1997; Iurkov & Benito 2017; McDermott 2010) explicitly refer to the reversed eclectic paradigm proposed by Boddewyn (1983b), a number of the investigated variables from the theories above represent ownership, location or internalization advantages (i.e., OLI factors) and could therefore be explained from the perspective of this integrative theory. Many studies investigate several variables and argue the effects based on different theories or do not refer to any theory.

3.4.2. Empirical Results

The results of our multiple bivariate Hedges-Olkin-type meta-analyses are displayed in Table 3.2. and the results of the meta-analytic regression analyses in Table 3.3.

Table 3.2.: Results of the Bivariate Hedges-Olkin-type Meta-analyses (incl. Robustness Tests for Subgroups)

Parent firm antecedents	*k*	*N*	*r*	*95% CI*	*p*	*Q*	*Hyp.*	
Parent firm size	24	503’887	-0.0002	[-0.0152; 0.0149]	0.9816	482.5165 ***	H1a H1b	x x
Assets	6		-0.0296		0.0146			
Employees	9		0.0105		0.0725			
Sales	9		0.0113		0.6488			
Parent firm host country-specific international experience	14	180’427	0.0586	[0.0324; 0.0848]	<.0001	178.8842 ***	H2	x
No. of parent firm subsidiary-years of HC experience	4		0.0673		<.0001			
No. of parent firm subsidiaries in HC	3		-0.0628		0.2533			
No. of parent firm years of HC experience	4		0.1145		0.0922			
Other measurement	3		0.1138		0.0270			

Parent firm general international experience	11	170’274	0.0014	[-0.0332; 0.0316]	0.9357	247.8471 ***	H3	x
No. of parent firm years of international experience	4		-0.0103		0.6873			
No. of parent firm subsidiary-years of international experience	5		0.0108		0.7312			
Other measurement	2		0.0035		0.8612			
Parent firm R&D intensity	13	221’093	-0.0183	[-0.0329; -0.0037]	0.0138	94.3056 ***	H4	✓
Parent firm advertising intensity	8	162’290	-0.0144	[-0.0281; -0.0007]	0.0389	27.2921 ***	H5	✓
Parent firm financial performance [a]	13	623’770	-0.0535	[-0.0775; -0.0294]	<.0001	901.2796 ***	H6	✓
ROA	10		-0.0625		<.0001			
ROS	2		-0.0284		<.0001			
Parent firm geographical diversification	9	489’185	0.0080	[-0.0118; 0.0279]	0.4280	273.7890 ***	H7a H7b	x x
Subsidiary antecedents	*k*	*N*	*r*	*95% CI*	*p*	*Q*	*Hyp.*	
Subsidiary size	24	534’072	-0.0263	[-0.0537 ; 0.0010]	0.0592	1570.7517 ***	H8	x
Assets	8		-0.0896		0.0022			
Employees	16		0.0108		0.5220			
Subsidiary age	20	672’090	-0.0033	[-0.0301; 0.0235]	0.8097	1855.5625 ***	H9a H9b	x x
Subsidiary entry mode (WOS=1)	16	156’924	-0.0374	[-0.0588; -0.0161]	0.0006	156.0264 ***	H10	✓
Subsidiary ownership level	11	455’115	-0.0448	[-0.0665; -0.0230]	<.0001	383.9434 ***	H11	✓
Subsidiary establishment mode (Acquisition=1)	8	11’694	0.0899	[0.0469; 0.1329]	<.0001	22.5212 **	H12	✓
Subsidiary financial performance	10	237’479	-0.0821	[-0.1201; -0.0441]	<.0001	564.9601 ***	H13	✓
ROA	4		-0.1194		0.0307			
Sales growth	3		-0.0027		0.4360			
Other measurement	3		-0.0965		0.0155			
Subsidiary product unrelatedness	7	124’822	0.0641	[0.0337; 0.0945]	<.0001	94.1892 ***	H14	✓
Host country antecedents	*k*	*N*	*r*	*95% CI*	*p*	*Q*	*Hyp.*	
Host country risk	13	341’448	0.0230	[-0.0058; 0.0634]	0.0561	581.2961 ***	H15	x
Mixed index	5		0.0186		0.0556			
Political index	6		0.0180		0.1212			
Other measurement	2		0.0787		0.7578			
Host country economic growth	12	343’135	-0.0354	[-0.0553; -0.0155]	0.0005	266.8310 ***	H16	✓
Host country cultural distance	12	222’161	0.0181	[-0.0093; 0.0455]	0.1964	76.1839 ***	H17	x
Kogut & Singh index	7		0.0102		0.5644			
Other measurement	5		0.0311		0.1534			
Host country income level	9	468’072	0.0048	[-0.0149; 0.0246]	0.6317	274.4034 ***	H18	x

Note: k = number of effect sizes, N = total sample size, r = mean product–moment correlation, CI = confidence interval, Q = Cochran’s homogeneity test, Hyp. = hypothesis; x = hypothesis not supported; ✓ = hypothesis supported

[a] Alternative measurement: ROE, missing because k=1

† p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 3.3.: Results of the Bivariate Meta-analytic Regression Analyses

Antecedents	*Variable operationalization*	*k*	*β*	*95% CI*	Q_m
Parent firm size	*Assets (reference group)*	*6*			7.3533 *
	Employees	9	0.0396 *	[0.0069; 0.0724]	
	Sales	9	0.0422 *	[0.0080; 0.0763]	
Parent firm host country-specific international experience	*No. of parent firm subsidiary-years of HC experience (reference group)*	*4*			14.8494 **
	No. of parent firm subsidiaries in HC	3	-0.1355 **	[-0.2187; -0.0523]	
	No. of parent firm years of HC experience	4	-0.0052	[-0.0674; 0.0570]	
	Other measurement	3	0.0404	[-0.0267; 0.1075]	
Parent firm general international experience	*No. of parent firm years of international experience (reference group)*	*4*			0.3286
	No. of parent firm subsidiary-years of international experience	5	0.0189	[-0.0550; 0.0928]	
	Other measurement	2	0.0244	[-0.0850; 0.1338]	
Parent firm financial performance [a]	*ROA (reference group)*	*10*			1.3381
	ROS	2	0.0421	[-0.0292; 0.1135]	
Subsidiary size	*Assets (reference group)*	*8*			11.4107 ***
	Employees	16	0.1002 ***	[0.0421 ; 0.1583]	
Subsidiary financial performance	*ROA (reference group)*	*4*			3.6879
	Sales growth	3	0.0961	[-0.0043; 0.1964]	
	Other measurement	3	0.0177	[-0.0856; 0.1210]	
Host country risk	*Mixed index (reference group)*	*5*			5.1052 †
	Political index	6	0.0098	[-0.0513; 0.0710]	
	Other measurement	2	0.1054 *	[0.0109; 0.2000]	
Host country cultural distance	*Kogut & Singh index (reference group)*	*7*			0.5760
	Other measurement	5	0.0221	[-0.0350; 0.0792]	

Note: k = number of effect sizes, β = regression coefficient, CI = confidence interval, Q_m = Q-test of moderator

[a] Alternative measurement: ROE, missing because k=1

† p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001

3.4.2.1. Parent Firm Level Antecedents

The effect of *parent size* on foreign subsidiary divestment is negative but not significant (r = -0.0002, p = 0.9816). Thus, neither H1a nor H1b find support in the data. The subgroup analysis reveals that the effect depends on the operationalization of the variable. Measured by employees, the mean effect size is positive and not significant (r = 0.0105, p = 0.0725).

Measured by assets, the effect size turns negative and significant (r = -0.0296, p = 0.0146). The omnibus test of the operationalization type as a moderator (test for between-subgroup heterogeneity) in the meta-regression is significant (Q_m = 7.3533, df = 2, p = 0.0253). Both operationalization types, employees and sales, yield significantly different results than the operationalization by assets (employees: β = 0.0396, p = 0.0177; sales: β = 0.0422, p = 0.0154). There is a significant positive relationship between the *parent firm's host country-specific international experience* and foreign subsidiary divestment (r = 0.0568, p = < 0.0001). This is contradictory to H2. The subgroup analysis shows that the results vary depending on the operationalization of the variable. We observe a positive relationship if the experience is measured by parent firm years or parent firm subsidiary-years in the host country, however, there is a negative effect if the experience is measured by the number of parent firm subsidiaries in the host country. This is confirmed in the meta-regression: the test of the moderator is significant (Q_m = 14.8494, df = 3, p = 0.0019).

There is a positive but insignificant relationship between the *general international experience of a parent firm* and foreign subsidiary divestment (r = 0.0014, p = 0.9357). Thus, H3 is rejected. The subgroup analysis shows insignificant effects regardless of the measurements. Meta-regression does not indicate a significant moderating effect of the operationalization type (Q_m = 0.3286, df = 2, p = 0.8485).

The *R&D intensity of the parent firm* is negatively associated with foreign subsidiary divestment (r = -0.0183, p = 0.0138). Thus, H4 finds support in the data. Similarly, the effect of the *advertising intensity of the parent firm* is negative and significant (r = -0.0144, p = 0.0389), supporting H5. Consistent with H6, the relationship between the *financial performance of the parent firm* and foreign subsidiary divestment is negative and significant (r = -0.0535, p = < 0.0001). This holds true whether financial performance is operationalized by ROA or ROS.

The *geographical diversification of the parent company* has a positive but insignificant effect on subsidiary divestment (r = 0.0080, p = 0.4280). This result supports neither H7a nor H7b.

3.4.2.2. Subsidiary Level Antecedents

Subsidiary size has a negative but insignificant effect on foreign subsidiary divestment (r = -0.0263, p = 0.0592). Thus, H8 finds no support in the data. The subgroup analysis, however, reveals that the effect depends on the type of operationalization. Whereas the effect for the studies that used employees is positive, small and insignificant (r = 0.0108, p = 0.5220), the studies that measured subsidiary size with assets reveal a large negative and significant effect (r = -0.0896, p = 0.0022). The meta-regression confirms that the operationalization type of the variable has a significant moderation effect on the mean effect size (Q_m = 11.4107, df = 1, p = 0.0007), i.e., subsidiary size measured by employees has a significantly different effect on the likelihood of divestment than subsidiary size measured by assets (β = 0.1002, p = 0.0007).

The relationship between the *age of a foreign subsidiary* and foreign subsidiary divestment is negative but insignificant (r = -0.0033, p = 0.8097), supporting neither H9a nor H9b.

In line with H10, results show a significant negative effect for the *entry mode of WOS (versus IJV)* on foreign subsidiary divestment (r = -0.0374, p = 0.0006). Similarly, and consistent with H11, we found a negative and significant effect for *subsidiary ownership level* (r = -0.0448, p = <0.0001).

There is a significant positive effect of *subsidiary establishment via acquisition* on foreign divestment likelihood (r = 0.0899, p = <0.0001). This result supports H12. Out of all variables, it is the one with the largest positive effect on the likelihood of foreign subsidiary divestment.

Our results confirm the negative effect of *subsidiary financial performance,* as predicted by H13 (r = -0.0821, p = <0.0001). It has a similarly strong effect as subsidiary establishment via acquisition. Comparing the effect for different operationalization types (ROA, sales growth, and other measurements), we observe variations in size and significance of the effects. Measured by sales growth, the negative effect of this variable is small and insignificant (r = -0.0027, p = 0.4360). Measured by ROA (r = -0.1194, p = 0.0307) or other measurement types (r = -0.0965, p = 0.0155), the effect is larger and significant. However, meta-regression does not show a significant moderation effect of the operationalization type (Q_m = 3.6879, df = 2, p = 0.1582).

Consistent with H14, our results show a positive relationship between *subsidiary product unrelatedness* and foreign subsidiary divestment (r = 0.0641, p = < 0.0001).

3.4.2.3. Host Country Level Antecedents

We find a positive but non-significant effect of *host country risk* on foreign subsidiary divestment (r = 0.0230, p = 0.0561). The strength of the mean effect is consistent across the studies that based their analysis on purely political risk indexes (r = 0.0180) or the group of studies that used mixed risk indexes, including different types of risks (r = 0.0186), whereby both are insignificant.

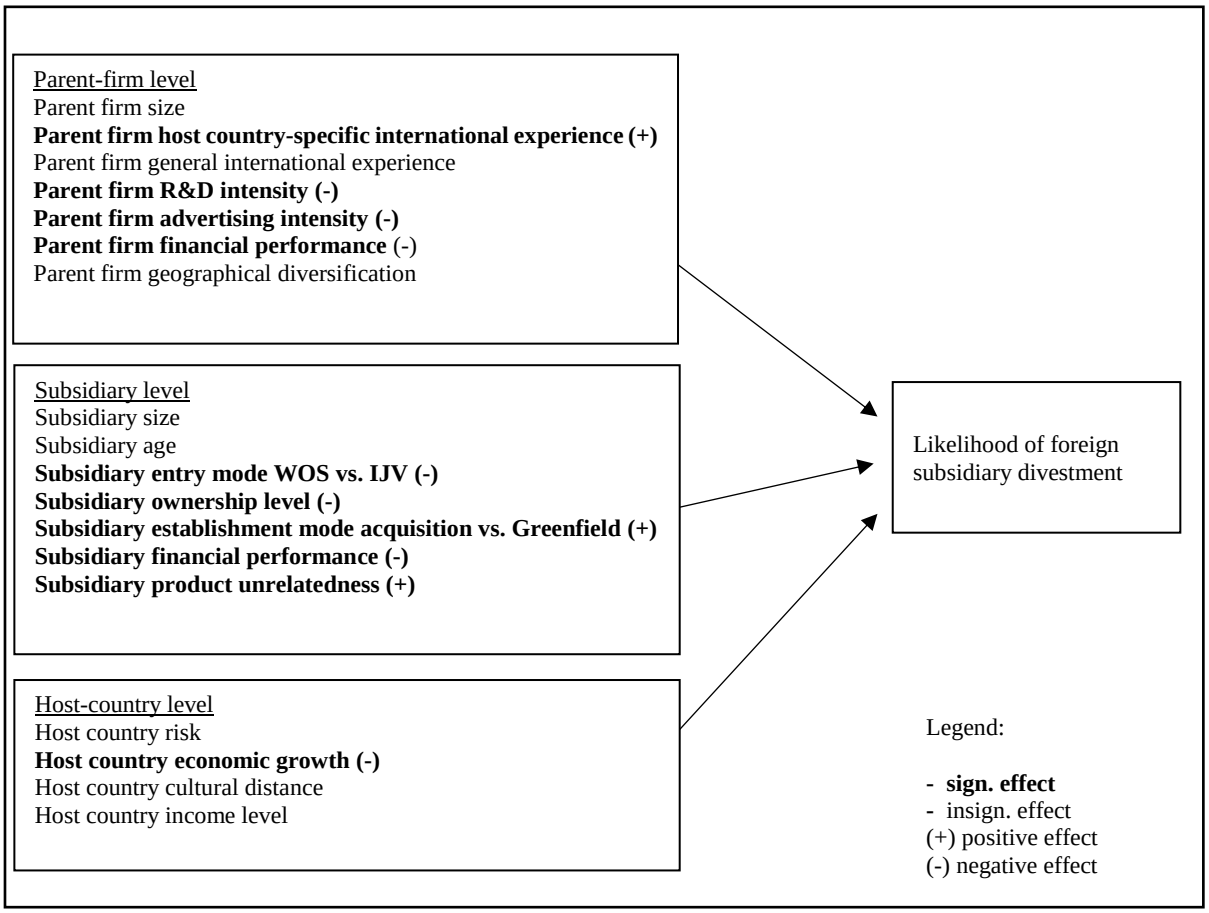
The relationship between the *economic growth in the host country* and foreign subsidiary divestment is negative and significant (r = -0.0354, p = 0.0005). Thus, the data support H16.

The analysis of the *cultural distance between the home and the host country* reveals a positive but insignificant effect (r = 0.0181, p = 0.1964). This result does not confirm H17.

We find a positive but insignificant effect for the *host country income level* on foreign subsidiary divestment (r = 0.0048, p = 0.6317). Thus, H18 is not supported.

Figure 3.1. gives an overview of the investigated antecedents and their significant effects.

Figure 3.1.: Overview of the Investigated Antecedents and Their Significant Effects.



3.5. Discussion

3.5.1. Variables with Conclusive Results, in Line with Theory

For nine of the 18 variables that have been investigated in the meta-analyses as potential antecedents of foreign subsidiary divestment, we find results that are in line with the main theoretical arguments.

On the parent firm level, parent firm financial performance, parent firm R&D intensity, and parent firm advertising intensity have a negative effect on the probability of foreign subsidiary divestment. Overall, this shows that the resource-based view provides relevant explanations for foreign divestment, and it indicates that subsidiaries are more likely to survive if the parent company has built up certain ownership advantages.

On the subsidiary level, subsidiary establishment mode via acquisition and subsidiary product unrelatedness increase divestment likelihood. Subsidiary entry mode via WOS, subsidiary ownership level, and subsidiary financial performance reduce divestment likelihood. First and not surprising, this demonstrates that financial considerations are a strong determinant of subsidiary survival or divestment. Second, this shows that the knowledge-based view finds support in the data because the parent company's knowledge is less valuable in the case of unrelated products. Third, it shows that governance issues lead to divestment, with less control

over IJVs and subsidiaries with lower ownership levels. This supports transaction cost related arguments as well as the IJV specific challenges. Fourth, it shows that integration issues are relevant for cross-border acquisitions, with a higher likelihood of divestment for acquired subsidiaries.

On the host country level, we found only one variable for which the results of previous studies yield a significant effect. The higher the economic growth of the host country, the less likely a foreign subsidiary in this country is divested. Again, this confirms an underlying financial consideration. Subsidiaries are divested if the expected performance is low (Boddewyn 1979). If the host country is not growing or even shrinking, this reduces expectations for the future performance of the subsidiary. In such a case, a parent firm is likely to shift resources to a country that provides better opportunities (Berry 2010).

3.5.2. Variables with Inconclusive Results

For eight potential antecedents of foreign subsidiary divestment, the integration of the results from primary studies yields an overall inconclusive result.

The theoretical arguments for the effect of parent firm size have been ambiguous so that two opposing hypotheses (H1a; H1b) were posited. The results are inconclusive, which may reflect the fact that positive and negative effects offset each other or that specific conditions, i.e., moderators, lead to positive or negative effects. In fact, heterogeneity in the findings is partly caused by operationalization. Subsidiaries belonging to parents that are strong in assets are less likely to be divested. This is in line with the theoretical arguments of the resource-based view that refer to assets rather than to the number of employees. Parent firms with more employees, however, seem to have a tendency to more often divest their foreign subsidiaries. It may be due to an industry effect (labor-intensive industries vs. capital-intensive industries) or that the relative importance of a subsidiary in firms with many employees is lower, which could increase divestment likelihood. However, due to missing data in the primary studies, both arguments cannot be tested.

Whilst the organizational learning perspective suggests a negative effect of parent firm general international experience on foreign divestment, we find inconclusive results. The effect is not significant. We assume that there are aspects of general international experience that offset the learning effects (i.e., the knowledge) that should protect a subsidiary from divestment. For example, parent firm general international experience is associated with a geographically diversified subsidiary portfolio and thus with the possibility of over-diversification. In addition, parent firms with more international experience may be faster able to evaluate if a foreign subsidiary is likely to perform well in the future, and if not, to divest it. Further arguments for positive influences are given in the discussion of the parent firm host country-specific international experience below since they apply to both variables.

Empirical results for the geographical diversification of the parent company are as inconclusive as the theoretical argumentation for this antecedent. Again, two opposing

hypotheses were posited (H7a, H7b), neither can be confirmed. As previously discussed, the effects of "real options" of a geographically diversified MNC on the divestment likelihood of an individual subsidiary are ambiguous.

The overall effect of subsidiary size is not significant. Similar to the size of the parent, this changes when we isolate the group of studies that measures subsidiary size with assets rather than with employees. Subsidiary assets show a highly significant negative effect on divestment, confirming a resource-based perspective. With regard to employees, it is possible that subsidiaries with a high number of employees are more likely to be divested because they are sensitive to rising labor costs in a host country (Ghahroudi & Hoshino 2007).

The age of the subsidiary does not exert a clear effect on its divestment likelihood, thus, neither of the two opposing hypotheses (H9a, H9b) are supported by the data. The operationalization of this variable is consistent across primary studies (age in years), consequently, this cannot be the cause for the heterogeneity in the results. Finding no linear relationship for this variable does not necessarily mean that there is no relationship at all. Some authors have argued for a non-linear relationship between firm age and divestment likelihood (e.g., Bruderl & Schussler 1990): young subsidiaries are protected from divestment, e.g., by sufficient resource flows from the parent firm, as has been argued towards H9b. Then, divestment gets more likely when it reaches "adolescence" because it may not yet be established and successful but losing the patience and resources of the parent firm, and finally decreasing again from a certain age because survival for a certain time means that it has learned successful routines. Such a curvilinear relationship would suggest a "liability of adolescence" instead of a "liability of newness" or "liability of age" (e.g., Dhanaraj & Beamish 2004; Fichman & Levinthal 1991). Unfortunately, the data in the primary studies do not suffice to investigate such a curvilinear relationship in a meta-analysis.

The majority of host country characteristics that have been investigated in primary studies as potential antecedents of subsidiary divestment deliver inconclusive results, indicating that the effects from the host country are less strong and clear than often expected. This indicates that the institutional theory does not provide strong explanations for foreign divestment.

Our findings do not confirm a significantly higher divestment probability for foreign subsidiaries located in host countries with higher country risk (H15). This is not consistent with the rather homogenous theoretical argumentation for this antecedent. It might be an indication that parent firms and their subsidiaries can bear and accept certain levels of country risk before taking a divestment decision. Companies may adjust their strategies to high-risk environments, e.g., by selecting an adequate entry mode (Morschett et al. 2010). Furthermore, the real options theory claims that MNCs might not necessarily divest their subsidiaries during uncertain environments to hold different options when the environment turns more favorable (Belderbos & Zou 2009). In addition, some authors argue that a macro assessment of country risk is not ideal for assessing risk levels for individual firms (e.g., Moosa 2002).

Similarly, there is no significant effect of the cultural distance between the home and the host country on divestment likelihood (H17). From a theoretical point of view, there is a clear tendency to predict a positive effect for this variable. As argued in the theoretical part, higher cultural distance results in higher complexity and costs leading to lower profitability and a higher probability of divestment. However, there are also some counter-arguments that could explain the insignificant effect. First, parent firms might understand that the adaption phase in a culturally distant country takes more time and resources and allow a subsidiary more time for the implementation phase (Sousa & Tan 2015). Second, high cultural distance might have an alerting function, keeping unsuitable and unprepared firms from entering the market so that the entering firms are the well-prepared ones (Tihanyi et al. 2005). Third, host countries that are culturally closer may bear hidden risks since apparent similarities can deceive parent firms and lead to insufficient preparation (O'Grady & Lane 1996). Fourth, with organizational learning, the effect of cultural distance diminishes over time. Wilkinson et al. (2008) found the effect of cultural distance on control issues of expatriate staffing and the level of foreign ownership to be moderated by the age of the foreign subsidiary. The liabilities of foreignness, which are strongly driven by cultural distance, diminish or disappear when the subsidiary is gaining knowledge about the host country and getting adjusted to it (Wilkinson et al. 2008). Finally, more recent literature emphasizes the benefits of diversity, mainly because it fosters organizational learning and improves the exploration of new capabilities (e.g., Lücke et al. 2014; Stahl & Tung 2015), which may protect a subsidiary in a culturally distant country from divestment.

Whilst theory considers the income level in a host country as an indicator for market attractiveness and proposes that higher income levels reduce divestment likelihood, empirical evidence is inconclusive. This might be explained by the fact that foreign subsidiaries are not necessarily established for market-seeking, as this argument assumes, but for production purposes. In this case, higher income levels may reduce the competitive advantage of a subsidiary (Coucke & Sleuwaegen 2008) and thus lead to an absence or loss of location advantages.

3.5.3. Variables with Conclusive Results, Opposing Theory

For one antecedent candidate, the integrated results contradict the hypothesized effect, i.e., the result is significant but in the opposite direction of the hypothesis.

The findings for host country-specific international experience of the parent firm are opposed to the hypothesized effect in the literature, i.e., the meta-analysis shows a significant positive mean effect. There is a possible explanation for this finding. Even though literature usually argues that organizational learning via country-specific experience leads to higher success in a country, there is no reason to assume that organizational learning always leads a parent firm to maintain a subsidiary. In fact, a descriptive study by Kinkel (2009) reveals that foreign divestment often results from locational misjudgment when entering the country. Thus,

organizational learning can lead to the insight that the conditions in the country are less favorable than initially assumed and, consequently, to the conclusion that divestment is the best possible solution. In this perspective, organizational learning would change the perception of previously assumed location advantages. However, this does not suffice to explain the overall positive effect of parent firm host country-specific international experience on foreign subsidiary divestment. Thus, more research is required to investigate this variable.

3.5.4. Explanatory Power of Theories used in Primary Studies

The main theories used in primary studies (listed in Table 3.1.) differ in their explanatory power for antecedents of foreign subsidiary divestment.

Overall, variables that are rooted in the resource-based view receive good empirical support. Subsidiaries benefiting from resources because they are financially successful or belong to a parent firm that is financially successful, are less likely to be divested. Even the inconclusive effects of the size of the subsidiary and of the size of the parent firm can be explained with the resource-based view due to the operationalization of these two variables. Measured with assets, as the resource-based view suggests, they demonstrate the predicted negative effect. Furthermore, nonfinancial resources built from R&D and advertising activities of the parent firm are demonstrated to protect their subsidiaries from divestment.

The knowledge-based view finds only limited support in the data. Product unrelatedness, which complicates the transfer of parent-firm knowledge to the subsidiary, leads to a higher divestment likelihood. Cultural distance, however, which should also impede a knowledge transfer, has no conclusive effect.

The organizational learning perspective on foreign subsidiary divestment is not supported in our meta-analysis. Older and thereby more experienced subsidiaries are not less likely to be divested. Furthermore, the host country experience of the MNC is not lowering the likelihood of subsidiary divestment but rather increasing it. The general international experience of the parent company has no effect at all.

The two variables rooted in the transaction cost perspective are well supported. The transaction costs associated with IJVs and with low ownership levels in general help to explain the divestment of such subsidiaries. However, given that only two variables rooted in this theory have been investigated, it would be premature to conclude a high explanatory power of the transaction cost theory.

The real options theory finds no support in our data. The geographical diversification of the parent firm does not exert a clear influence on the subsidiary divestment likelihood. However, since the real options theory itself provides arguments for different effects, more research is required, trying to isolate the different effects from each other.

Most of the variables rooted in the institutional theory do not show a conclusive effect on subsidiary divestment. It seems that the adaptation challenges imposed on subsidiaries when doing business in countries with institutional differences are not increasing the divestment

likelihood, and neither does the income level. Furthermore, subsidiary age and host country-specific experience of the MNC, which would be expected to help a subsidiary overcome institutional differences and help to gain legitimacy, do not show the effects posited in theory. The only conclusive variable argued from an institutional perspective is the economic growth of the host country, which leads a parent firm to expect a positive future performance of the subsidiary and thereby protects it from divestment.

Finally, the explanatory power of the reversed eclectic paradigm differs across the different types of O, L, and I advantages. While ownership advantages have a strong explanatory power and internalization advantages are also shown to explain divestment, location advantages (as discussed above) are not yet confirmed. However, no study has really investigated several of the O, L, I factors simultaneously.

3.6. Conclusion

3.6.1. Contribution

The primary objective of this paper was to synthesize the knowledge on antecedents of foreign subsidiary divestment. It provides several contributions.

First, we systematically content analyzed the included empirical studies to provide a descriptive picture of the research stream. Most importantly, we showed that primary studies are in almost all cases based on secondary data, apply hazard models and that there is a bias towards studies of Japanese and Korean MNCs. It also becomes evident that many articles lack transparency regarding their sample descriptions and other relevant information, including correlation tables.

Second, we integrated the results of 45 empirical explicative studies using meta-analysis. We assessed the direct effect of 18 antecedent candidates by calculating mean effect sizes based on multiple primary studies and very large total sample sizes. Although foreign subsidiary divestment is often considered a consequence of poor financial performance, we could show that reasons are more complex. We demonstrated that previous research leads to conclusive findings for a number of variables that have been investigated in a larger number of primary studies. Some antecedents reduce the likelihood of foreign subsidiary divestment, namely *parent firm R&D intensity, parent firm advertising intensity, parent firm financial performance, subsidiary entry mode WOS, subsidiary ownership level, subsidiary financial performance,* and *host country economic growth*. Other antecedents increase the likelihood of foreign subsidiary divestment, namely *parent firm host country-specific international experience, subsidiary establishment via acquisition,* and *subsidiary product unrelatedness.*

Establishment mode exerts the strongest effect on divestment, with subsidiaries established via acquisitions facing a higher divestment likelihood. This is in line with the large body of literature highlighting integration problems of cross-border acquisitions (e.g., Bauer & Matzler 2014; Dikova & van Witteloostuijn 2007; Jemison & Sitkin 1986; McCloughan & Stone 1998). Dow & Larimo (2011, p. 322) argue that the choice of establishment mode is

"arguably one of more critical international business decisions", which is confirmed in our study. The financial performance of the subsidiary exerts a similarly strong effect, protecting it from divestment.

These meta-analytic results contribute to future research by allowing for more consistent research models. Currently, research models across primary studies on antecedents of foreign subsidiary divestment differ strongly, including the choice of control variables. The integration of the above-discussed set of variables for which we find conclusive and highly robust findings should contribute to advancing the research models in future primary studies.

Furthermore, we demonstrated that eight often-investigated variables do not exert a clear influence on divestment likelihood. These variables are *parent firm size, parent firm general international experience, parent firm geographical diversification, subsidiary size, subsidiary age, host country risk, host country cultural distance,* and *host country income level.* For some of these variables, it is surprising to find inconclusive results (e.g., host country risk), because, in the theoretical discussion, they are argued to have a clear positive or negative effect on foreign subsidiary divestment. We consider this an important contribution of our study.

Third, we contribute by shedding light on the theories explaining foreign subsidiary divestment. We showed that variables rooted in the resource-based view and the transaction cost theory are useful to explain foreign subsidiary divestment. We found mixed evidence for the knowledge-based view. Surprisingly, three important theories, the organizational learning perspective, the real options theory, and the institutional theory, are not supported by the data from previous studies.

Even though the reverse eclectic paradigm has not been systematically applied in previous research, several OLI advantages (O and I) have received support in the data, i.e., are relevant for the divestment of foreign subsidiaries.

However, the discussion on the explanatory power of the different theories has to be led with caution. There is not yet sufficient evidence in primary studies. A systematic analysis that is rooted in one (or several competing) theories and systematically includes the most relevant variables for this theory, has not yet been conducted. Some variables would have to be investigated with interaction effects (e.g., time for learning and cultural distance) to disentangle the specific effects of different theories (in this case, the organizational learning theory and institutional theory). Since our meta-analysis is limited to those variables that have been investigated sufficiently often in primary studies, only a few variables representing each theory could be tested. This is particularly true for interaction effects. Thus, the existing evidence is not yet sufficient to give a complete picture for a theory.

There is an indication that the different levels of antecedents differ in their explanatory power. The strongest effects and most variables with conclusive results are found on the subsidiary level. This shows that it is strongly the characteristics of the subsidiary – more than those of the host country or of the parent firm – that determine the fate of the subsidiary. This is in line with Tsetsekos and Gombola (1992), who have argued that subsidiary characteristics

have the most immediate impact. Only one out of four included host country level antecedents has a significant effect on foreign subsidiary divestment, questioning the institutional perspective. These results are in line with Kolev (2016), who, in his meta-analysis on domestic divestments, finds the external environment to have a weaker effect on the divestment probability of firms than internal factors.

Fourth, by systematically coding the measurement type of all the variables, we were able to test several study-level moderators. We showed that the effects of *parent firm size, parent firm host country-specific international experience,* and *subsidiary size* depend on the measurement, revealing the relevance of comparing homogeneous primary studies and not relying on the variable name in primary studies when reviewing literature and that the theoretical arguments for a variable should, in that case, be given in accordance with the concrete variable operationalization.

3.6.2. Limitations

Meta-analyses are a powerful statistical method to summarize empirical findings in a specific research field. The availability and adequacy of the data included in primary studies, however, eventually limits researchers in their investigations. Even though we analyzed 18 potential antecedents of foreign subsidiary divestment, many potential antecedents discussed and tested in extant literature could not be included in our analysis due to insufficient or inadequate data. Often, this concerns strategic antecedents, which are rarely investigated in previous studies.

As previously mentioned, some of our findings were inconclusive. However, the confidence intervals and between-study heterogeneity values for these findings indicate the presence of study level moderators. Thus, inconclusive findings should not be interpreted as an absence of effects. Whilst we were able to test for moderation effects related to the measurement of variables, our data did not allow investigating effects of substantial moderators. The existence of such moderators, however, has been suggested in extant research. For example, Berry (2013) suggests that the effect of the subsidiary's financial performance could be moderated by the market potential in the host country. Gaur and Lu (2007) point out that subsidiaries with an increased equity position (e.g., WOS vs. IJVs) are more suitable for the transfer of intangible resources (e.g., from parent firm R&D activities). Furthermore, the effect of a weak financial performance of a subsidiary may be moderated by the current financial performance of the parent firm. The effect of cultural distance is likely to be moderated by the age of the foreign subsidiary (Wilkinson et al. 2008), based on organizational learning. Whilst most authors recognize the importance of investigating such moderation effects, they were not systematically and repeatedly analyzed in previous studies, and the displayed study characteristics in the primary studies were not sufficient to allow a meta-analytic investigation of these effects. Furthermore, inconclusive findings could be caused by non-linear effects,

which we could not analyze due to a lack of data in the primary studies. Thus, inconclusive findings indicate that further research is needed.

Overall, the research field still suffers from an oversimplification of the construct of foreign subsidiary divestment, which occurs through closure or through sell-off. The theoretical arguments for influence factors that lead to the closure of a foreign subsidiary (which usually leads to write-offs for the parent firm and at least sunk costs) and influence factors that lead to the sell-off of a foreign subsidiary (which may even create a profit for the parent firm) differ (e.g., Belderbos & Zou 2006b; Hennart et al. 1998). A few authors analyzed the antecedents of these two divestment types separately and found different effects for some variables (Hennart et al. 1998; Mata & Portugal 2000; Ogasavara & Hoshino 2008). However, the vast majority of studies in our meta-analysis do not distinguish between divestment by closure and divestment by sell-off, so in our meta-analysis, we could not investigate this question.

3.6.3. Implications for Future Research

Our study consolidates the state of the empirical research on foreign divestment and can hereby serve to recommend promising future avenues for research on this topic.

First, we recommend investigating strategic motivations behind foreign divestment. Scholars argue that strategic motivations may drive foreign divestment (Benito & Welch 1997; Boddewyn 1979; Fisch & Zschoche 2012). For instance, subsidiaries may be divested because the strategy of the parent company changes (Hennart et al. 1998). New strategic opportunities may provide a better use of a company's resources (Berry 2010). The motive for establishing a subsidiary may have an influence on the likelihood of its divestment (Getachew & Beamish 2017). Strategic antecedents have received some attention in conceptual studies (e.g., Benito 2005; Benito & Welch 1997), in descriptive studies (e.g., Calof & Beamish 1995; Kinkel 2009) as well as in case-study research (e.g., Hennart et al. 2002), but rarely and only recently in empirical large scale studies (Getachew & Beamish 2017; Lee et al. 2019; Sousa & Tan 2015; Tan & Sousa 2019). As previously mentioned, most of the empirical explicative studies on foreign subsidiary divestment are based on secondary data from large databases, which usually does not allow to investigate strategic variables. In order to assess the importance of strategic antecedents, future empirical explicative studies should integrate strategic variables based on primary data (surveys and interviews). It is difficult for researchers to access relevant data, as divestments rarely feature in company literature and companies are reluctant to share data about these episodes. While we acknowledge that our demand imposes a considerable challenge for future research, we believe that it would be a considerable step forward in understanding the reasons for foreign subsidiary divestments.

Second, and linked to the strategic perspective, we recommend further investigating foreign divestment not of one foreign subsidiary in isolation but in a portfolio perspective, i.e., in relation to other subsidiaries of the parent firm. A few studies already consider the interrelations of a subsidiary with other foreign subsidiaries of the MNC as an influencing factor

(Belderbos & Zou 2009; Chung et al. 2013a; Chung et al. 2013b; Fisch & Zschoche 2012). From a portfolio and real options perspective, the value of a subsidiary depends on the rest of the MNC network (Chung et al. 2010). Chung et al. (2013a), for example, found that parent firms that are internationally diversified are less likely to divest their foreign subsidiaries during times of economic crisis. However, our meta-analysis found only weak empirical evidence for the real options perspective across existing studies. This might be due to the fact that the specific variables are sometimes measured inaccurately, not properly touching on the real-options effect, or not adequately isolating the effect of real-options theory by adding relevant moderators. This should be further investigated in future research. As a part of this approach, it would be necessary to distinguish whether a subsidiary has been divested without a substitute or whether it is a relocation, i.e., another subsidiary in another country has taken over the tasks of the divested subsidiary. Only a few divestment studies explicitly consider relocation (Belderbos & Zou 2006a). Berry (2010) investigated how investment in a foreign country is linked to divestment in the home country. The same arguments apply to the relationship between different foreign locations. Belderbos & Zou (2006a) found that most of the 35 divestment cases that they identified involved the relocation of manufacturing activities to other countries. Considering such interrelationships would strongly contribute to our understanding of foreign divestment.

Third, we recommend testing Boddewyn's (1983b) eclectic theory of foreign divestment, which proposes a reversed OLI logic. All three types of variables have been investigated in previous research. Ownership advantages (e.g., R&D intensity), location advantages (e.g., economic growth of the host country), and internalization aspects (e.g., ownership level) have been separately investigated in previous research. However, a profound test of Boddewyn's assumptions would require a dynamic perspective because, in this theory, FDI takes place when OLI advantages are given, and a divestment decision is taken when one of the three advantages is not given anymore. Locational factors are dynamic (e.g., Fisch & Zschoche 2012), and so are ownership advantages and internalization advantages. Studies should not only look into the current situation but also in the change of potential antecedent variables over time. Furthermore, it is the perception of the factors that guide managerial decisions. Organizational learning can lead to a change in these perceptions. To investigate this, surveys or case studies with interviews would be required.

Fourth, we recommend testing full conceptual models in the future, rather than the direct effects of single determinants. As the discussion of the variables has shown, some variables are supposed to have a rather direct effect, others rather a mediated effect or a moderating effect. Meta-analytic structural equation modeling allows testing complex models by integrating the findings from previous primary quantitative studies (Bergh et al. 2016). This would allow researchers to test the empirical quality of different models of foreign subsidiary divestment, including main, mediator, and moderator effects of many variables simultaneously. However, meta-analytic structural models require extensive data. If the availability of correlations in

primary studies is limited or even inexistent for some variables, the method cannot be applied. Even though substitution techniques for missing data exist, excessive use of such techniques leads to biased results. Thus, primary studies should not only be preoccupied with finding new factors that affect foreign subsidiary divestment but investigate the interrelationships between the factors that have already been included in the existing literature. Some potential moderating factors have been mentioned above.

Fifth, configurational approaches may be valuable, considering a set of variables simultaneously. Such approaches assume that specific combinations of factors lead to firm success or failure (e.g., Macharzina & Engelhard 1991; Miller 1981). For example, for financial considerations, it is not mainly the current financial performance but the expected future performance of the subsidiary that should influence the divestment decision (Boddewyn 1979). However, extant research investigates the current performance and, in some cases, the current market development. Both aspects should be linked. Similarly, there is likely to be an interaction between the influences of the financial performance of the subsidiary and the financial performance of the parent firm. Parent firms with a weak financial performance may be more likely to divest low-performing subsidiaries than parent firms with strong financial performance because they cannot support them anymore (Torneden 1975). The influence of a weakly performing parent firm on well-performing subsidiaries is less clear: They may keep them because they contribute to the overall performance of the company, or, on the contrary, they may sell them because they are valuable and bring financial resources that can be used in the home country. These are just two examples suggesting that a configurational perspective would contribute to our understanding of foreign divestment.

Sixth, most primary studies on foreign subsidiary divestment have a nested sample structure (e.g., 1’560 foreign subsidiaries belonging to 101 parent firms, active in 31 host countries). As in many issues in IB research, this calls for multilevel modeling, which allows to simultaneously test variables and hypotheses at several levels of analysis (Peterson et al. 2012). In the case of foreign subsidiary divestment, a higher-level effect for subsidiaries belonging to the same parent firm or for subsidiaries in the same host country should be separated from the subsidiary-level effects. However, very few studies in the field of foreign subsidiary divestment control for potentially existing multilevel data structures (e.g., Pattnaik & Lee 2014; Song 2015). With moderator analysis, meta-analysis has the potential to explore such effects on different levels (e.g., by comparing results of studies with different host countries) (Cheung 2014). This requires the publication of separate effect sizes for different sub-samples (e.g., host countries) or more studies analyzing samples with homogenous characteristics (e.g., home countries), which could be used as moderators. Unfortunately, for reasons of data availability, we were not able to apply this further. We believe, however, that a more extensive consideration of different data levels and nesting in this field could potentially yield very promising results in the future, and we therefore strongly encourage authors to address the interdependency of effect sizes in future primary studies.

Seventh, as discussed in the limitations, we suggest authors clearly distinguish different types of subsidiary divestment, which have different theoretical foundations and most likely different antecedents. Over 20 years ago, Hennart et al. (1998) expressed the importance of distinguishing between divestment through closure and divestment through sell-off. We suggest researchers follow this recommendation and systematically consider both types of divestments separately.

Eighth, research should be reproducible, and meta-analyses can be valuable to systematically review previous research results. However, this requires sufficient information in the primary studies. This requirement gives implications for future research: First, the characteristics of the samples used should be more comprehensively described and basic statistics, in particular correlation tables, displayed. Next, the considerable heterogeneity of subsidiaries within samples (e.g., different entry-modes, different industries, markets) should be addressed in the articles. For example, the few studies that included mixed samples of WOS and IJVs did not explicitly address this when discussing and defining the relevant variables. Last, scholars should be cautious when using different types of measures to operationalize the same variable. Future research should address these suggestions in order to achieve more conclusive and comparable results and to build on the findings of previous studies.

Ninth, most studies on divestment investigate parent firms from Japan or Korea. It is not clear whether these results are generalizable. Some authors in primary studies note, for example, that the business culture in Japan is unique and not comparable with the business culture in other countries (e.g., Dhanaraj & Beamish 2004). Thus, we recommend replicating studies on some of the variables that have been investigated in this meta-analysis with samples from diverse home countries.

Tenth and finally, we would like to point to recently emerging perspectives in foreign subsidiary divestment research. One recent research stream is the investigation of re-entry (Surdu et al. 2019; Surdu et al. 2018; Tang et al. 2018; Yayla et al. 2018). For example, Surdu et al. (2019) investigate the interrelations between foreign market entry, exit, and re-entry by looking into the behavior of MNCs when they enter markets they had previously left. They found exit motives to have an impact on the re-entry decision.

We have shown in our study that previous research has rarely looked into strategic reasons for divestment and that there is not much-established knowledge in this field. However, another recent research stream takes this strategic perspective on foreign subsidiary divestment (Getachew & Beamish 2017; Lee et al. 2019; Park & Chung 2019). For example, Getachew & Beamish (2017) investigate strategic motives for the establishment of subsidiaries, and they demonstrate that subsidiaries that enter foreign countries with diverse investment purposes are less likely to exit. Similarly, Lee et al. (2019) investigate how the portfolio configuration of subsidiaries' mandates (e.g., local market expansion, financial hedging) affect their likelihood of divestment. They found that the scope in their mandate portfolios (relatively to other subsidiaries of the same parent firm) has a protective effect from divestment. Finally, Park &

Chung (2019) looked into subsidiary operation expansion and found that foreign subsidiaries face lower risks of being divested when they add more business activities to their portfolio, if this expansion builds on existing competencies. This emerging research stream shows that an analysis of the underlying strategic perspective on foreign subsidiaries and their strategic role for the parent firm eventually enters large-scale empirical studies.

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Appendix

Appendix 3.1.: Antecedents Analyzed in at Least Two Quantitative Studies

Parent firm level antecedents		**Subsidiary level antecedents**		**Host country level antecedents**	
Parent firm size	62	Subsidiary size	53	Host country cultural distance	22
Parent firm R&D intensity	32	Subsidiary entry mode	37	Host country economic growth	20
Parent firm general international experience	29	Subsidiary age	36	Host country risk	16
Parent firm host country-specific international experience	26	Subsidiary establishment mode	28	Host country size	15
Parent firm financial performance	24	Subsidiary product unrelatedness	20	Host country industry concentration	14
Parent firm age	14	Subsidiary financial performance	19	Host country industry growth	13
Parent firm geographical divesrsification	15	Subsidiary ownership level	13	Host country extent of activities by foreign firms in the industry	13
Parent firm advertising intensity	12	Subsidiary squared age	10	Host country income level	12
Parent firm product diversification	9	Subsidiary expatriate ratio	9	Host country geographic distance	8
Parent firm host cultural block specific international experience	8	Subsidiary solitarity in host country	8	Host country extent of international activities by host country firms in the industry	7
Parent firm previous international divestment activities	6	Subsidiary relative size	7	Host country labour cost rise	6
Parent firm state ownership	4	Subsidiary capital intensity	7	Host country R&D intensity	6
Parent firm indebtedness	3	Subsidiary intra-firm trade	6	Host country extent of activities by home country firms in the industry	6
Parent firm industry experience	3	Subsidiary export activities	6	Host country entry rate into industry	5
Parent firm host cultural block (similar to home country) specific international experience	3	Subsidiary human capital	5	Host country trade flow (FDI to GDP ratio)	4
Parent firm operational flexibility	3	Subsidiary industry (manufacturing vs. service)	4	Host country currency appreciation	3
Parent firm total factor productivity	2	Subsidiary in high EoS industry	4	Host country economic distance	3
Parent firm cultural diversity	2	Subsidiary internal diversification	4	Host country purchasing power	2
Parent firm number of subsidiaries in host country	2	Subsidiary portfolio fit	4	Host country labor costs	2
		Subsidiary growth	3	Host country exchange rate volatility	2
		Subsidiary cumulative FDI flow from parent firm	3		
		Subsidiary production capacity	3		
		Subsidiary labor productivity	2		
		Subsidiary late market entry	2		
		Subsidiary as first subsidiary of parent firm in host country	2		

Note: Many of the these variables are not included in the meta-analyses due to methodological inclusion criteria (e.g., need for a correlation table including the dependent variable)

Appendix 3.2.: Antecedents Analyzed in at Least Two Quantitative Studies and Conforming to the Inclusion Criteria

Parent firm level antecedents		**Subsidiary level antecedents**		**Host country level antecedents**	
Parent firm size	24	Subsidiary size	24	Host country risk	13
Parent firm host country-specific international experience	14	Subsidiary age	20	Host country economic growth	12
Parent firm R&D intensity	13	Subsidiary entry mode	16	Host country cultural distance	12
Parent firm financial performance	13	Subsidiary ownership level	11	Host country income level	9
Parent firm general international experience	11	Subsidiary financial performance	10	*Host country geographic distance*	5
Parent firm geographical diversification	9	Subsidiary establishment mode	8	*Host country extent of activities by home country firms in the industry*	5
Parent firm advertising intensity	8	Subsidiary product unrelatedness	7	*Host country labour cost rise*	5
Parent firm age	6	*Subsidiary capital intensity*	5	*Host country industry growth*	5
Parent firm host cultural block specific international experience	5	*Subsidiary expatriate ratio*	5	*Host country trade flow (FDI to GDP ratio)*	4
Parent firm product diversification	3	*Subsidiary solitarity in host country*	5	*Host country size*	4
Parent firm previous international divestment activities	2	*Subsidiary squared age*	3	*Host country industry concentration*	4
Parent firm operational flexibility	2	*Subsidiary relative size*	2	*Host country extent of international activities by host country firms in the industry*	2
		Subsidiary export activities	2	*Host country extent of activities by foreign firms in the industry*	2
		Subsidiary intra-firm trade	2	*Host country R&D intensity*	2
		Subsidiary portfolio fit	2	*Host country entry rate into industry*	2

Italics: Only antecedents in this list which have been investigated at least 7 times are included in the meta-analysis; the others are marked in italics.

Appendix 3.3.: List of Keywords

International divestment
International divestiture
International divesture
International disinvestment
International exit
De-internationalization
Market withdrawal
Market termination
Market withdrawal
Market failure
Foreign exit
Foreign market exit
Foreign subsidairy survival
Foreign subsidiary exit
Reshoring
Back-reshoring
Near-reshoring
Backshoring
Backsourcing
Foreign divestment
Foreign divestiture
Foreign divesture
Foreign disinvestment
Foreign withdrawal
Foreign affiliate survival
Foreign affiliate exit
Foreign affiliate divestment
Foreign affiliate divestiture
Foreign subsidairy mortality
International abandonment
Affiliate abandonment

Appendix 3.4.: List of Studies in the Meta-Analysis

No.	Study name	Outlet	Contribution to meta-analysis	Home country	Host country	Data type
1	Bai et al. (2013)	International Journal of China Marketing	Main study	China	Multiple countries	Secondary data
2	Belderbos (2003)	Review of World Economics	Main study	Japan	Multiple countries in EU	Secondary data
3	Belderbos & Zou (2006a)	Asian Economic Journal	Main study	Japan	Multiple countries in Asia	Secondary data
4	*Belderbos & Zou (2009)*	*Journal of International Business Studies*	*Complementary to study 3*	*Japan*	*Multiple countries in Asia*	*Secondary data*
5	Berry (2013)	Organization Science	Main study	US	Multiple countries	Secondary data
6	Chung et al. (2013a)	Journal of World Business	Main study	Japan	Multiple countries in Asia	Secondary data
7	Chung et al. (2013b)	Management International Review	Main study	Korea	Multiple countries in Asia	Secondary data
8	Dai et al. (2013)	Journal of International Business Studies	Main study	Japan	Multiple countries	Secondary data
9	Delios & Beamish (2001)	Academy of Management Journal	Main study	Japan	Multiple countries	Secondary data
10	*Delios & Makino (2003)*	*Journal of International Marketing*	*Complementary to study 11*	*Japan*	*Multiple countries*	*Secondary data*
11	Delios et al. (2008)	Journal of International Business Studies	Main study	Japan	Multiple countries	Secondary data
12	Demirbag et al. (2011)	Journal of World Business	Main study	Japan	Multiple countries	Secondary data
13	Farah (2014)	Thesis	Main study	Japan	Canada	Secondary data
14	*Gaur et al. (2019)*	*Journal of International Business Studies*	*Complementary to study 29*	*Korea*	*Multiple countries*	*Secondary data*
15	Gaur & Lu (2007)	Journal of Management	Main study	Japan	Multiple countries	Secondary data
16	Ghahroudi & Hoshino (2007)	Journal of Developmental Entrepreneurship	Main study	Japan	India	Secondary data
17	Hebert et al. (2005)	Organization Studies	Main study	Japan	Multiple countries	Secondary data
18	Iurkov & Benito (2017)	Book Chapter	Main study	US	Multiple countries	Secondary data
19	Jiang et al. (2014)	Journal of World Business	Main study	Japan	China	Secondary data
20	*Kim et al. (2010)*	*Journal of Economic Geography*	*Complementary to study 19*	*Japan*	*China*	*Secondary data*

21	*Kim et al. (2012)*	*Journal of International Business Studies*	*Complementary to study 15*	*Japan*	*Multiple countries*	*Secondary data*
22	Lee et al. (2015)	Conference Proceedings	Main study	Korea	Multiple countries	Secondary data
23	Lee et al. (2019)	Journal of World Business	Main study	Japan	Multiple countries	Secondary data
24	Li (1995)	Strategic Management Journal	Main study	Multiple countries	US	Secondary data
25	Li & Liu (2015)	Journal of Business Theory and Practice	Main study	Multiple countries	China	Secondary data
26	Mariotti & Piscitello (1999)	Transnational Corporations	Main study	Italy	Multiple countries	Secondary data
27	Nachum & Song (2011)	Journal of International Business Studies	Main study	US	Multiple countries	Secondary data
28	Norback et al. (2015)	Review of International Economics	Main study	Sweden	Multiple countries	Secondary data
29	Pattnaik & Lee (2014)	Asia Pacific Business Review	Main study	Korea	Multiple countries	Secondary data
30	*Peng & Beamish (2016)*	*Conference Proceedings*	*Complementary to study 23*	*Japan*	*Multiple countries*	*Secondary data*
31	*Peng & Beamish (2014)*	*Asia Pacific Journal of Management*	*Complementary to study 30 and study 23*	*Japan*	*Multiple countries*	*Secondary data*
32	Peng & Beamish (2019)	Journal of International Management	Main study	Japan	China	Secondary data
33	*Shaver & Flyer (2000)*	*Strategic Management Journal*	*Complementary to study 34*	*Multiple countries*	*US*	*Secondary data*
34	Shaver et al. (1997)	Strategic Management Journal	Main study	Multiple countries	US	Secondary data
35	Song (2002)	Strategic Management Journal	Main study	Japan	Multiple countries in Asia	Secondary data
36	*Song (2014b)*	*Journal of International Management*	*Complementary to study 38*	*Korea*	*Multiple countries*	*Secondary data*
37	*Song (2014a)*	*Management International Review*	*Complementary to study 38 and 36*	*Korea*	*Multiple countries*	*Secondary data*
38	Song (2015)	Journal of World Business	Main study	Korea	Multiple countries	Secondary data
39	Soule et al. (2014)	Strategic Management Journal	Main study	Multiple countries	Burma	Secondary data
40	Sousa & Tan (2015)	Journal of International Marketing	Main study	China	Multiple countries	Primary data
41	*Tan & Sousa (2019)*	*Management International Review*	*Complementary to study 40*	*China*	*Multiple countries*	*Primary data*

42	Wang & Larimo (2017)	Book Chapter	Main study	Finland	Multiple countries	Secondary data
43	*Zeng et al. (2013a)*	*Journal of International Business Studies*	*Complementary to study 44*	*Korea*	*Multiple countries*	*Secondary data*
44	Zeng et al. (2013b)	Management International Review	Main study	Korea	Multiple countries	Secondary data
45	Zhong et al. (2019)	Journal of International Business Studies	Main study	Multiple countries	China	Secondary data

Italics: In the case of overlapping samples, the studies in italics complement the main study. They are used only in the meta-analysis in cases where the main study does not provide a coefficient for the specific variable.

4. Study 2: Archetypes of Driver Combinations Leading to Foreign Market Exit – An Investigation into European Grocery Retailing [15]

4.1. Introduction

The internationalization of companies is now viewed not as a process of uninterrupted progression and linear expansion but as a process of constant transformation, characterized by periods of both growth and retrenchment (e.g., Burt 1991; Jackson and Sparks 2005; Swoboda and Schwarz 2006; van de Ven and Poole 1995; Wrigley and Currah 2003). International exit strategies are regarded as important and natural features of companies' international expansion paths (e.g., Berry 2010; Palmer and Quinn 2007). Consequently, scholars have intensively investigated foreign market exits over the past decades, with an emphasis on the divestment activities of manufacturing companies (for overviews see, e.g., Arte and Larimo 2019; Coudounaris 2017; Schmid and Morschett 2020; Trąpczyński 2016).

Retail-specific divestment research, however, has received much less attention. This research gap is remarkable, particularly because many large retail divestments have occurred in the past decades, most of which generated strong public attention. Between 2005 and 2020, the ten largest international retailers in the world exited 43 markets (EDGE Retail Insight 2020). More specifically, the grocery retail sector in Europe recently witnessed several high-profile grocers exit several markets. For instance, the French retailer Carrefour exited Greece and ceased all its operations in the Balkans between 2015 and 2018. The Finnish S Group exited Latvia and Lithuania in 2017, and the British icon Marks & Spencer closed its department stores in 13 countries in Europe as a part of a global restructuring effort between 2016 and 2017.

Scholars have called for investigating international retail divestment separately from international manufacturing divestment (Burt et al. 2008b), because retail differs from other sectors, and its internationalization and de-internationalization follow a different logic (Burt et al. 2003; Jackson et al. 2005). Burt et al. (2002, p. 195) argued: "The nature of retailing and the practice, importance, and meaning of its internationalization are for example vastly different to an oil producer or a water company". For example, manufacturing MNCs have a multitude of motives to enter foreign countries (Dunning 1988), whereas a retailer's main motive to open subsidiaries in a foreign country is market-seeking. Moreover, the implications of exit decisions differ between retail companies and manufacturing companies. If retailers exit foreign markets, it inherently ends their ability to sell products to these markets, whereas manufacturing companies can continue to serve markets without a local manufacturing presence (McDermott 2012). Consequently, retail-specific foreign divestment drivers may differ from drivers identified in manufacturing-based divestment literature. This becomes evident when comparing

[15] Study 2 was published in Management International Review (MIR) as Schmid, D., de Thomas Wagner, F. & Morschett, D. Archetypes of Driver Combinations Leading to Foreign Market Exit: An Investigation into European Grocery Retailing. *Management International Review* (2021). https://doi.org/10.1007/s11575-021-00449-8

literature reviews on manufacturing-based international divestment in general (e.g., Arte and Larimo 2019; Coudounaris 2017; Schmid and Morschett 2020; Trąpczyński 2016) with those on retail-specific international divestment (e.g., Alexander and Quinn 2002; Burt et al. 2008b).

Divestment research is characterized by studies that investigate drivers which affect foreign divestment decisions. Many studies highlight that divestment is driven by a combination of drivers simultaneously rather than by individual drivers (e.g., Aklamanu 2015; Burt et al. 2018; Jackson et al. 2005; Yoder et al. 2016). While this assumption is mentioned frequently, it is rarely investigated further. Despite recent calls to investigate combinations of drivers and their joint effect on foreign divestment decisions (e.g., Berry 2010; Burt et al. 2018; Schmid and Morschett 2020), there are no studies - with the exception of Burt et al. (2018) - that employ this strategy.

In studies that focus on retail, scholars classify foreign retail exits and their drivers based on different criteria (e.g., Alexander and Quinn 2002; Burt et al. 2002; Mellahi et al. 2002; Palmer 2004). These typologies, however, usually focus on one or just a few drivers and do not sufficiently consider the intricate combinations of exit drivers from different levels that may trigger divestment decisions.

Our investigation comprises two major parts. First, we qualitatively analyze *all* 32 market exits that occurred amongst the 50 largest grocery retailers in Europe between 2014 and 2018 and investigate the drivers behind these exits. To do so, we take a case study approach and apply qualitative content analysis (Krippendorff 2018; Schreier 2012). This approach offers new insights into the type of drivers that trigger exit decisions, the frequency of their occurrence, and their combinations. We focus on grocery retailing because it has outstanding relevance in the overall retail sector. Six of the ten largest retailers in the world are grocery retailers (Deloitte 2020). In Europe, grocery retail sales accounted for 45 percent of total retail sales in 2019 (EDGE Retail Insight 2020). By choosing a specific sector, we delimit our dataset with sector-related and geographical case boundaries. This allows for a “highly visible and numerically manageable set of actions to be observed and analyzed” (Burt et al. 2018, p. 179). Second, using the configurational approach (Macharzina and Engelhard 1991; Meyer et al. 1993; Miller 1986), we propose five novel archetypes of exit driver combinations. The configurational approach highlights that organizational phenomena should be investigated based on multidimensional combinations of variables that dynamically interact (Miller et al. 1984). Rather than forming an infinite number of combinations, numerous dimensions of strategies, structures, etc., the variables are often grouped into a limited number of frequently occurring combinations referred to as “archetypes” (or “configurations” or “gestalts” (Cerrato et al. 2016; Lim et al. 2006; Macharzina and Engelhard 1991; Meyer et al. 1993; Roth 1992)). Archetypes may be developed conceptually or empirically (Cerrato et al. 2016; Meyer et al. 1993) and be established at various levels of analysis, “depicting patterns common across individuals, groups, departments, organizations, or networks of organizations” (Meyer et al. 1993, p. 1175). In our case, we developed archetypes empirically, representing similar and

reoccurring multidimensional combinations of exit drivers at the organizational level. Building archetypes is not a novel approach in the international business literature. For instance, Cerrato et al. (2016) developed multidimensional archetypes of internationalizing SMEs, Lim et al. (2006) developed a typology of international marketing strategies of MNCs, and Roth (1992) developed archetypes for the basic configuration and coordination patterns of medium-sized firms in global industries.

Using this qualitative approach enables us to develop a full picture of each market exit, including the "wider environmental setting and institutional context" surrounding exit decisions (Burt et al. 2018). This method allows us to understand the nature of configurations and the importance of the different drivers within these configurations. Such insights cannot be obtained in the usual quantitative studies that are based on large secondary databases. Furthermore, we apply our qualitative approach to a large set of market exits. In the past, scholars have called for studies that cover more retailers than the few that were repeatedly investigated (Burt et al. 2008b; Cairns et al. 2008; Etgar and Rachman-Moore 2007). Due to the non-selectiveness of our dataset, we cover *all* market exits of the most important grocery retailers in Europe, including the less prominent exits. Hence, we deliver a balanced picture of the phenomena.

In our study, we found five distinct multidimensional archetypes, which include simultaneous and interrelated drivers at the subsidiary, the host-country, and the parent-company level. The presence of multidimensional archetypes within our set of retailers' market exits supports the value of the configurational approach in helping researchers develop a better understanding of these phenomena and thus helps extend theory on the subject. In line with the findings of Burt et al. (2018), who recently showed that different configurations of exit drivers exist over time, we investigate different configurations that co-exist simultaneously.

The rest of this paper is structured as follows. The second section provides a literature review on research about drivers that lead to foreign market exit, with a focus on the field's past efforts to characterize and classify retailers' international divestments and their drivers. In the third section, the research approach is introduced, providing an overview of the dataset and the applied methodology. The fourth section illustrates the individual exit drivers (and their combinations) found in the analysis. This is followed by a derivation and discussion of the five archetypes of driver combinations found in the data with a focus on the typologies discussed previously. The paper ends with a discussion and a conclusion composed of theoretical and empirical contributions, managerial implications, limitations, and implications for further research.

4.2. Literature Review

Research about international divestment drivers of MNCs has been an increasingly important area of interest in international business literature since the mid-1970s, mainly focusing on manufacturing firms. While research coverage on international divestment still lags

behind research on international entry and expansion (Tan and Sousa 2019), recent literature reviews (e.g., Arte and Larimo 2019; Coudounaris 2017; Schmid and Morschett 2020; Trąpczyński 2016) show many existing studies on international divestment drivers. Schmid and Morschett (2020), for example, detected 283 studies investigating international divestment drivers. Furthermore, their meta-analysis showed significant effects for ten variables that have been analyzed frequently in previous studies: subsidiary establishment via acquisition, subsidiary entry mode via wholly-owned subsidiary, subsidiary ownership level, subsidiary product unrelatedness, subsidiary financial performance, parent-firm financial performance, parent-firm R&D intensity, parent-firm advertising intensity, host country-specific international experience of the parent firm, and host-country economic growth.

In the retail-specific literature, research on divestment drivers began later, and progress has been slower (Burt et al. 2018). Early studies provided insights into the volumes and patterns of retail divestment (e.g., Alexander et al. 2005; Burt et al. 2004; Godley and Fletcher 2001). Later, the emergence of qualitative case study research contributed to the understanding of international retail divestment by investigating market exits of select prominent retailers. Some of these, namely Tesco, Marks & Spencer, and The Home Depot, were investigated particularly often (Burt et al. 2008b). While a few of these studies investigate the process of divestment and the effects on retailers, most of the studies examine drivers that lead to divestment.

Several authors indicated that divestment decisions are often the result of multiple interdependent drivers (e.g., Aklamanu 2015; Burt et al. 2003; Cairns et al. 2010; Mellahi et al. 2002; Swoboda and Schwarz 2006). While many studies have detected multiple exit drivers (e.g., Aklamanu 2015; Jackson and Sparks 2005; Yoder et al. 2016), there is a paucity of studies investigating combinations of drivers. The recent study of Burt et al. (2018) is a first but valuable step to address this void. By qualitatively investigating the main rationale for European grocery retailers' exit from East Asia over a thirty-year period, Burt et al. (2018) pointed to the existence of three broad phases of retail exit over time, each characterized by different dominating drivers that lead to market exit. In the "pioneer adjustment" phase, retailers mainly exit after realizing the difficulties related to scaling their activities and benefitting from first-mover advantages. In a second phase, called "resistance and market consolidation", different forms of resistance across the whole region (e.g., re-regulation) prevent retailers' expansion. In the last phase, "reconfiguring the global firm", the exit is driven by pressures from outside the region (e.g., firm-level reassessment of global activities). The main drivers of each phase differ among retailers, revealing the dynamic nature of retail exits in this region.

While Burt et al.'s (2018) study provides initial evidence for the existence of retail divestment driver combinations, it leaves research gaps. First, the researchers found retail divestments' main drivers to be highly dynamic across time. They adopted a long-term perspective on the highly dynamic Asian retail market, which experienced a financial crisis during the period of analysis. Whether the results of such a dynamic setting are transferable to other, less volatile settings (e.g., the European grocery retail sector) is unclear. Second, Burt et

al. (2018) linked each combination of drivers to a specific period of time. However, they did not address the question of whether different combinations co-exist simultaneously in one phase. Third, although they examined combinations of multiple drivers, their focus lay, in each phase, on the dominant narrative for the exits rather than on the interrelations of the drivers in each combination and their joint effect on exit decisions.

There have been several attempts to classify retail divestments and their respective drivers in the existing literature. Retail divestments are differentiated from one another by their tactical or strategic nature. While the divestment of foreign operations can be viewed as a reactive tactical response by retailers to difficulties they encounter in foreign markets (for example, when retailers exit markets in which they perform poorly), an exit can also be a strategic action responding to a broader change of circumstances unrelated to the specific country being exited (Alexander and Quinn 2002; Cairns et al. 2010). Cairns et al. (2010) differentiated between two types of strategic divestments. In "positive restructuring" divestments, retailers re-allocate their resources when they observe changing conditions within the international marketplace: that is, they proactively redirect their resources to markets offering higher potential in the long term. Researchers who have examined positive restructuring efforts of retailers have found that they transfer resources from divested markets to markets in which they enjoy a stronger market position (Burt et al. 2002; Cairns et al. 2010; Coe and Wrigley 2017) or to markets with higher expected returns (Alexander et al. 2004; Berry 2010; Cairns et al. 2010; Palmer and Quinn 2007). On the other hand, "corporate crisis" divestments arise from difficulties at the corporate level that require retailers to refocus resources and capabilities on these issues and often result in selling operations in foreign markets to generate liquidity for domestic operations (Burt et al. 2002; Cairns et al. 2008).

Failure-related divestments can be divided into those triggered by drivers external to the company and those triggered by drivers internal to the company (Burt et al. 2002). Burt et al. (2003), working from Benito (1997), subdivides these failures into four broad categories: market failure (e.g., divestment triggered by unexpected negative macroeconomic or political changes in the host country) and competitive failure (e.g., divestment triggered by an unexpected inability to compete with local retailers) are argued to be external drivers; organizational failure (e.g., divestment triggered by a mismatch between the business of the retailer and the host-country operations) and business failure (e.g., divestment triggered by weak operations of the retailer in the home country) are seen as internal drivers.

Mellahi et al. (2002) argued that it is often a mixture of internal and external factors that lead to divestment. Swoboda and Schwarz (2006) differentiated between exits mainly driven by (1) the internal environment, (2) the external environment, and (3) both the external and internal environment. Thus, both Mellahi et al. (2002) and Swoboda and Schwarz (2006) acknowledged that these two rationales are not mutually exclusive. Gersch and Franz (2018) followed a similar line of thought by categorizing divestment drivers into push factors (i.e., host

market factors driving the retailer to divest through, for example, harmful government regulations or aggressive competitive behavior) and pull factors (i.e., home-market factors driving the retailer to divest through, for example, stakeholder pressures to reallocate resources).

Aklamanu (2015) focused on external drivers and investigated failure in international markets from an institutional perspective. He discussed the importance of three types of institutional pressures (i.e., regulative, normative, and cognitive pressures) that can lead to failure when retailers are unable to cope with these pressures. Similarly, Coe et al. (2017) suggested five different categories of pressures retailers might encounter in foreign markets. These are government re-regulation, competition from domestic retailers, pressures from suppliers, consumer movements, and collective action by workers.

In the general foreign subsidiary divestment literature, divestment drivers are often categorized into three levels: (1) drivers at the parent-company level (e.g., financial performance of the parent company), (2) drivers at the host-country level (e.g., political and economic risk in the host country), and (3) drivers at the subsidiary level (e.g., financial performance of the subsidiary) (e.g., Berry 2010; Tan and Sousa 2020).

Most of the above-presented rationales are rooted in the resource-based view and related to the idiosyncratic resource base of retailers. Thereby, the international portfolios of firms and the specific characteristics of the international businesses within these portfolios (e.g., the financial performance of a business or the economic development of a host country where the business is located) can be viewed as resources that firms have developed over time and whose optimal use and constant optimization should be the objective of their strategies (Belderbos and Zou 2009).

Overall, the literature discussed above has advanced the conceptualization of foreign retail divestments and their drivers. Most importantly, it has helped identify and classify different types of divestment drivers. However, it does not sufficiently appreciate the multiple interrelated factors from different levels that drive divestments. For example, divestments might be classified as “business failure” in the typology proposed by Burt et al. (2003) when a retailer under pressure at home needs to refocus strategically. However, the reasons for the retailer to divest from certain markets while continuing its activities in other foreign markets may still be the result of “market failure” or “competitive failure” in these markets. In fact, Burt et al. (2003) suggest that these categories should be used as a “simple explanatory device” and that divestment decisions “may be affected by several of these factors at the same time” (Burt et al. 2003, p. 363). This demonstrates the difficulty of classifying divestments into one-dimensional typologies and indicates the need for a more robust classification of foreign retail divestments by interrogating different types of divestments and the complex patterns of drivers that characterize them.

4.3. Approach and Methodology

To identify patterns of retail divestment drivers, we took an embedded single-case study approach (Yin 2017). We thereby study the case of foreign divestment within the grocery retailing industry in Europe with its relatively homogenous context and consider the 32 market exits as embedded subunits of this case. We used qualitative content analysis on a large number of documents that include retailers' exit narratives (Krippendorff 2018; Schreier 2012) to identify the characteristics and context of foreign retail exits and investigate the drivers of each market exit. According to Schreier (2012), content analysis allows authors to engage in some degree of interpretation to arrive at the meaning of the investigated data. It is a method that can be used in multiple ways and has gained popularity for analyses in management, international business research (Gaur and Kumar 2018), and strategic management (e.g., Osborne et al. 2001; Palmer et al. 1997). We applied extensive data-based triangulation to confirm our findings.

4.3.1. Dataset Construction

We looked at the 50 largest grocery retailers in Europe (incl. Russia), based on their 2018 revenues in Europe, and identified *all* of their market exits in Europe in the five years from 2014 to 2018.[16] To this end, we used two large retail databases, namely the 2020 Edge Retail Insight Database (formerly Planet Retail) and the 2019 LZ Retailytics database. While different forms of international retail divestment exist (Alexander and Quinn 2002; Burt et al. 2002), from the closure of single stores to the complete termination of foreign activities, the focus of this paper is on "market exit", defined by Burt et al. (2003, p. 359) as the "total withdrawal of a firm from an operational presence in a foreign market". Even though market exits are heterogeneous among each other - leaving a country can mean divesting one store or hundreds of stores - they share a common denominator: the full termination of a retailer's presence in a country. Opening our investigation to other types of divestment (e.g., store reduction) would not allow for this common denominator and would add unnecessary heterogeneity to the analysis. By beginning the time window no earlier than 2014, we avoid the potential for our results to be strongly influenced by the effects of the global economic crisis (see Pederzoli and Kuppelwieser (2015) for an overview on retailers' internationalization behavior during the crisis).

Amongst the 50 largest grocery retailers in Europe, we identified 32 market exits undertaken by twelve different grocery retailers between 2014 and 2018 (see Appendix 4.1.). Two retailers exited multiple countries within this period (13 exits by Marks & Spencer; 6 exits by Carrefour). Three retailers exited two countries, and the remaining seven retailers exited one country each. Twenty-seven retailers had no market exits amongst their international operations, while eleven retailers had no international operations. We cross-checked our

[16] Our dataset includes Marks & Spencer, which, while also carrying a non-grocery assortment, did in fact have a grocery section in all the market exits found in our dataset (EDGE Retail Insight 2020).

findings with a range of other sources (e.g., press articles, annual reports) to avoid missing any market exits. We are confident that our dataset contains all exits of the 50 largest grocery retailers in the given period.

4.3.2. Building the Characteristics and Context of Foreign Retail Exits

For each retailer's market exit, we developed a full picture of its characteristics (see Appendix 4.1. for a selection of characteristics). We conducted an extensive inquiry based on a range of international sources, including narratives on the retailers' exits. These sources include, inter alia, home- and host-country-based retail trade press, international retail trade press, retailers' corporate communications, market research reports, business biographies, retailers' websites and annual reports, and large public databases such as the World Bank. Retail exits are usually discussed extensively in the trade press of the home and host country, including statements by company officials, but also through the additional and often more critical perspectives of journalists. Market entries and exits are also critical events mentioned in the annual reports of the retailers. By analyzing these sources, we were able to follow each operation from its initial entry until the market exit, enabling us to consider the exits within the broader context of the retailers' activities.

4.3.3. Coding Drivers of Market Exits

Next, we investigated the drivers that led to each market exit by content analyzing the previously mentioned sources. These sources provide commentaries relating to the reasons behind the retailers' exit decisions. Investigating publicly available sources (vs. interview-based research) is a common practice in the foreign divestment field (Burt et al. 2018; Burt et al. 2008a; Finnegan et al. 2019), since divestment is a highly sensitive topic (Alexander et al. 2005; Benito and Welch 1997; Burt et al. 2003; Cairns et al. 2008; Palmer 2004). Therefore, divestment rationales are often either erased from corporate memory altogether or, if recollected by individuals who made exit decisions, "retro-fitted to suit post-event re-evaluations" (Burt et al. 2018, p. 179), thus only offering a subjective and distorted picture (Burt et al. 2018; Finnegan et al. 2019). Other authors, such as Golden (1992) and Huber and Power (1985) have pointed out the limits of interpreting retrospective reports and warned about the risks of informants inaccurately recalling events because of memory lapses, inappropriate rationalization, or a tendency to present themselves or their organizations favorably. Content analyzing a wide variety of contemporary documents from different perspectives and experts, on the contrary, offers a more accurate picture of the exit and is unobtrusive and relatively devoid of both researchers' demand biases and informants' recall biases (Gaur and Kumar 2018).

Our data analysis included two main steps:

(1) Following Gioia et al. (2013), we began with the first-order analysis. Using the qualitative data analysis computer software package NVivo, we content analyzed and coded

689 documents and identified the drivers (first-order codes) leading to each market exit.[17] We used an inductive, data-driven coding approach without limiting ourselves in the number of codes assigned, which ensured that the drivers would emerge from the data during the analysis. Two authors collectively coded about 150 documents to align their understanding of the drivers, to design an initial coding frame with drivers at an optimal level of differentiation, and to set decision rules for the coding. The main coding was then conducted separately by two authors. Following this step, we compared the coded drivers (first-order codes) for each of the 32 market exits and discussed them with the third author. In particular, we examined the overarching story of each market exit, identified key drivers that led to the exit, and disregarded drivers that played a less relevant role. We thereby considered the actual context of each market exit, including the context on the parent-specific level. This, in turn, allowed us to understand that certain drivers prevail over others, rather than solely counting the existing drivers for each market exit in an overly simplistic, accounting-like manner. Disagreements between the authors concerning the drivers for each market exit were discussed and solved. However, percentages of agreement between the coders were high (90%) across all market exits, demonstrating high inter-coder reliability (Neuendorf 2017). This first step generated 34 drivers for market exits (first-order codes) that are illustrated in Appendix 4.2.

(2) We then engaged in the second-order analysis (Gioia et al. 2013), scrutinizing the market exits and their different drivers (first-order codes) several times, seeking common themes between the drivers that allowed us to regroup the drivers into second-order constructs. This regrouping provided a more aggregated level of representation that was needed for the later development of archetypes, since the first-order codes were too detailed for this purpose. This second step created nine exit drivers (second-order constructs) that are illustrated in Appendix 4.2. and in Table 4.2.

4.3.4. Triangulation of Exit Narratives

Various authors have identified the risk of overemphasizing the "official corporate line", which might be distorted toward positive rationales for divestment rather than offering an objective image of the actual events (Alexander et al. 2005; Gersch and Franz 2018; Palmer 2004; Palmer and Quinn 2007). Considering this issue carefully, we adopted several measures to minimize it. First, while we used company-authored documents to investigate the official corporate line, non-company-authored documents dominate the analysis. Second, we were careful to consult a large variety of press-related documents from the home-, host- and sometimes third-country perspectives for each market exit to ensure an unbiased perception of these exits and their drivers. Third, we included analyst views from leading trade press (e.g.,

[17] When documents were in languages not spoken by the authors, we used the online translator services DeepL and GoogleTranslate to translate them into English. For those non-English statements that are quoted in this manuscript (in their English translation), we had colleagues or students apt in the foreign language back-translate our English statements to the original language to check if any losses in translation occurred (Marschan-Piekkari & Reis 2004). We adapted the translations where necessary.

The Grocer, Libre Service Actualités (LSA), Lebensmittelzeitung (LZ)) on exits. For the less prominent market exits, where these sources were lacking, we contacted analysts from commercial retail intelligence providers (e.g., EDGE Retail Insight), asking them to comment on exit rationales from their perspective. Fourth and finally, where possible, we verified the coded exit driver narratives with hard data. For example, we researched the actual market position of subsidiaries in host countries to verify the "lack of scaling perspectives" narrative. To follow up on the "bad economic situation in the host country" narrative, we researched the nominal GDP development of host countries during the five years prior to exit. For the "low performance of the parent company" narrative, we looked into the development of retailers' net income during the five years prior to exit. Finally, to verify the "strategic refocus of the parent company" narrative, we checked, for each market exit, the retailers' other worldwide market exits five years prior and up to five years after the investigated market exit to determine whether the exit truly was part of a broad refocus strategy. We changed the coding if the data clearly contradicted the narrative we had previously coded. For example, for three market exits, we decoded the strategic refocus narrative due to clear evidence against this corporate narrative explanation. As a result of the above-mentioned measures, we believe we have drawn an accurate picture of the drivers of each market exit.

4.3.5. Creating a Typology of Exit Driver Combinations

To create a typology of exit driver combinations, we first deductively attributed the nine exit drivers to the three levels of divestment drivers often found in the literature (e.g., Berry 2010; Tan and Sousa 2020): the subsidiary level, the host-country level, and the parent-company level (see top of Table 4.2.). Then, based on the configurational approach (Macharzina and Engelhard 1991; Meyer et al. 1993; Miller 1986), we built archetypes of exit driver combinations. The configurational approach postulates that a relatively small number of typical configurations exist and describe most existing combinations (Miller et al. 1984). In our context, configurations (or "archetypes") represent exemplary, reoccurring combinations of exit drivers at different levels that explain retail market exits (Lim et al. 2006).

To detect different archetypes of exit driver combinations, we began by listing all 32 market exits and describing the specific combinations of exit drivers existing on the three levels for each market exit (Ragin 2009). Next, we searched for repeating patterns in the data through visual inspection of the exits. In a stepwise approach, we then rearranged the market exits within our list to unite similar patterns (see Table 4.2.). This allowed for the creation of five distinct archetypes of exit driver combinations that we discuss in detail in the fourth section.

We did not use quantitative clustering methods, as these were inapplicable due to the nature of the data. The limited number of retailers investigated and the nested structure of the dataset would have created unreliable results (McNeish and Harring 2017). Instead, through a qualitative approach, we obtained a rich level of knowledge of each market exit (i.e., embedded subunit of the case study) - useful for recognizing patterns and manually building a typology.

In fact, pattern identification and typology construction are often combined with qualitative content analysis, especially when researchers are navigating a large number of cases (Schreier 2012), or, in our case, embedded subunits.

4.4. Findings: Archetypes of Exit Driver Combinations

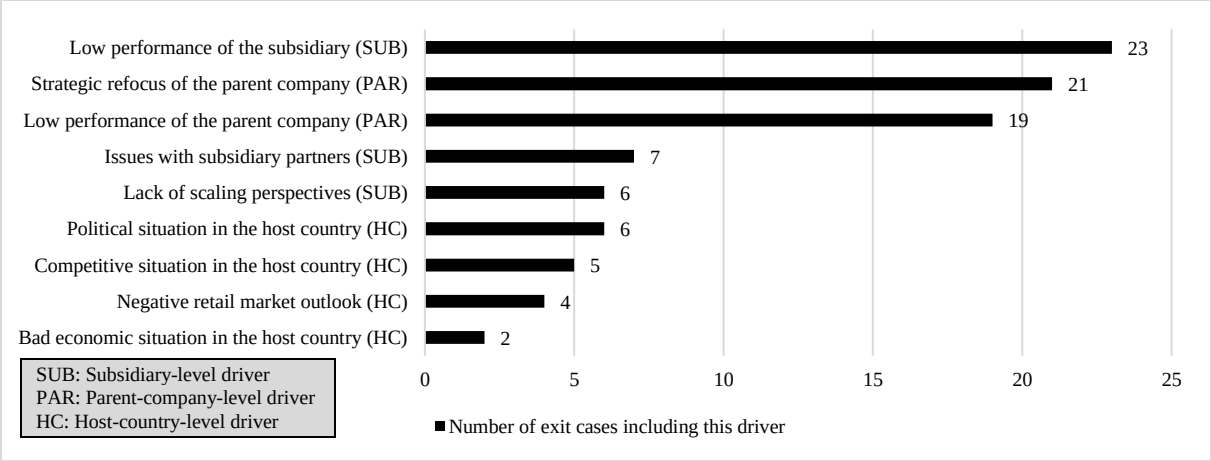
For a better understanding of the retail market exits, one descriptive finding is noteworthy: in most market exits, the divested country operations only represented a small share of the total sales of a retailer. In 27 market exits, the share of sales in the host country compared to the total sales of the retailer was below 0.6 percent. ICA Group's operation in Norway represented the largest subsidiary, with 13.1 percent of total sales. Marks & Spencer's divested operations represented a cumulative 0.91 percent of total sales when it exited 13 markets. Carrefour divested six markets, representing 2.08 percent of total sales. This suggests that most single market exits are important but not major events for a retail company. However, for some retail companies, several market exits occur within a rather short period (e.g., Marks & Spencer exited 13 markets within two years).

Our empirical investigation revealed nine drivers that explain the exit decisions of all 32 international market exits. Figure 4.1. illustrates the frequency with which these drivers occurred within our market exits.

Of the nine drivers that were found to influence exit decisions, three drivers could be attributed to the subsidiary level, four drivers to the host-country level, and two drivers to the parent-company level.

The most frequent subsidiary-level driver is the "low performance of the subsidiary" (23 exits), which is also the most frequent driver overall. However, other subsidiary-level drivers, namely "issues with subsidiary partners" (seven exits) and "lack of scaling perspectives" for the subsidiary (six exits), also often drive exit decisions.

Figure 4.1.: Frequency of Exit Drivers



Two parent-level drivers are found in many market exits: "strategic refocus of the parent company" in 21 exits and "low performance of the parent company" in 19 exits. While these

findings show the importance of these drivers, their high frequency must be interpreted with caution because the occurrence of a parent-level driver often causes several exits of the same retailer from different countries, thus making this driver appear in several market exits (e.g., Marks & Spencer exits).

At the level of the host country, the "political situation" played a role in six exits, the "competitive situation" in five exits, and the "negative retail market outlook" in four exits. The "bad economic situation in the host country", however, was only relevant in two exits. It is the least frequent driver across all three levels. This low occurrence may be induced by the overall positive economic climate in Europe in the investigated period.

The drivers presented above, their main rationale leading to market exit, and the exemplary driver-related quotes are exhibited in Table 4.1.

Table 4.1.: Drivers and Their Main Rationale Leading to Market Exit

Driver	Main rationale(s) for market exit	Quotations/ Examples
	Subsidiary-level Drivers	
Low performance of the subsidiary	• Shareholders put pressure on management to divest unprofitable assets (e.g., Christopherson 2007; Palmer 2004; Wood et al. 2016) to avoid negative effects on the firm's valuation and to strengthen the balance sheet (Hamilton and Chow 1993)	*"ICA Group will leave Norway. […] ICA Norway is not viable on its own. For many years the ICA Group has had to make large capital contributions to keep the business afloat."*[1] Per Strömberg, CEO, ICA Group (Dagligvarehandelen 2015)
Lack of scaling perspectives	• Limited scale and weak market positions lead to high operational costs (Chung et al. 2013a; Norbäck et al. 2015) and do not allow the subsidiary to be profitable and competitive • Comprises current lack of scale but also lack of prospects to scale subsidiaries in the long term (e.g., because of challenges in securing adequate real estate or too-high investments)	*"We decided to renew our international business strategy. As part of this process, we concluded that the market share of Prisma stores in Latvia and Lithuania is not high enough for profitable business in the near future."*[2] Jorma Vehviläinen, CEO, S Group (Sputnik News 2017)
Issues with subsidiary partners	• Conflicts of interest and diverging strategies between partners lead to instability, a possible partnership termination, and divestment (e.g., Burt et al. 2003; Etgar and Rachman-Moore 2007; Gaur and Lu 2007; Hennart et al. 1998) • Partner (e.g., in IJV, Franchising) is unable to continue activities in the host country (e.g., because of bankruptcy)	Leclerc and Conad ended their partnership in Italy because of a conflict of interest when they became part of competing alliances. The two retailers had *"profound differences with regard to the future organization of the partnership and its strategic orientation"* (PGC 2014) *"Greece's Marinopoulos Group, which holds the franchise rights for the Carrefour supermarkets in Bulgaria, has filed for bankruptcy protection"* (SeeNews 2016)
	Host-country-level Drivers	
Bad economic situation in the host country	• Economic or financial turbulence negatively affects a company's performance (Belderbos and Zou 2009; Burt et al. 2018; Chung et al. 2010) • Economic growth of a host country determines its market attractiveness and long-term potential by creating business opportunities and allowing for higher profits (Benito 1997; Berry 2013)	*"The low level of crude oil prices and its follow-up, the dive of the ruble and the decline in Russian purchasing power have influenced the decision of the Finnish company."* (Turun Sanomat 2016). Intermarché (2015) exited Serbia during a time of economic instability in the country. In the year before the exit, Serbia's nominal GDP had decreased by 2 percent (World Bank 2020).
Political situation in the host country	• Political or regulative host-government related pressures create uncertainty and risk for companies (Aklamanu 2015; Burt et al. 2003; Coe and Wrigley 2017; Gersch and Franz 2018; Song 2014) • Countries with weak institutions do not offer a stable legislative environment to companies (Henisz and Delios 2004) • Interstate conflicts cause problems for companies (e.g., non-payment of creditors, damage of physical assets, sanctions) (Al Khattab et al. 2007; Burmester 2000)	*"No firm in Latvia is protected from unreasonable insolvency proceedings due to an unclear interpretation of the bankruptcy law […] the decision to stop investing in the Latvian market was also accelerated by the insolvency lawsuit filed against the company in Latvia in 2012."*[3] Emil Stefanov , CEO, Palink (Lyrtas 2014)
Negative Retail Market Outlook	• Industry growth rates are an indicator for future market opportunities (Alexander et al. 2005; Belderbos 2003; Hennart et al. 1998)	*"The rationale of the [exit] decision is that the Danish market is considered saturated so that it does not offer satisfactory prospects for growth."* Press release, Metro Group (2014)
Competitive situation in the host country	• Markets characterized by high competitive intensity are less attractive (Aklamanu 2015; Coe et al. 2017; Gersch and Franz 2018)	*"The retail sector has invested heavily in both countries [Latvia & Lithuania] in recent years, and as a result, the square footage of retail space in relation to population and consumer purchasing power is already quite high."* Jorma Vehviläinen, Executive Vice President, S Group (YLE 2017)

Parent-company-level Drivers		
Strategic refocus of the parent company	• Resources gained from divestments are required for projects with higher expected returns (Alexander et al. 2004; Berry 2010; Cairns et al. 2010; Palmer and Quinn 2007) • Resources gained from divestments are required for existing business that is under pressure (Burt et al. 2002; Cairns et al. 2010; Coe et al. 2017; Coe and Wrigley 2017)	*"We strictly need to align our country portfolio with earnings and growth targets and focus on those regions in which we are in a position to extend our market shares."* Olaf Koch, CEO, Metro Group (2014)
Low performance of the parent company	• Weak parent companies cannot support their foreign subsidiaries and may need to divest foreign operations to generate liquidity for domestic operations (Burt et al. 2002; Cairns et al. 2008; Cairns et al. 2010; Coe et al. 2017; McDermott 2012)	Prior to its restructuring effort initiated by Steve Rowe, Marks & Spencer's net income decreased by 79 percent within 5 years (Marks & Spencer 2014; Marks & Spencer 2018). While most international operations were lossmaking, domestic clothing sales were in decline for years (The Guardian 2016). *"Rowe, who has spent 25 years at M&S, must stop the rot at the high-street grand dame where clothing sales have been falling for three years."* Zoe Wood, Retail Analyst, The Guardian (2016)

[1] Translated from Norwegian; [2] Translated from Latvian; [3] Translated from Lithuanian.

By applying the previously described methodology, our data revealed five archetypes of multidimensional exit driver combinations, each representing a distinct configuration of drivers that led several retailers to exit a foreign market. Table 4.2. presents the market exits, their respective drivers, and the corresponding archetypes. In the following, each archetype is described in detail.

4.4.1. Archetype 1: Divestment of Struggling Subsidiaries in Unattractive Markets

The market exits in this archetype are characterized by retailers that divest poorly performing subsidiaries from difficult markets. In these market exits, the subsidiaries already exhibit a low financial performance at the time of the decision, indicating existing problems with the operations that require substantial financial and managerial attention. Furthermore, the retailers cannot see ways for improving the performance of these subsidiaries in the future for two reasons. First, they are pessimistic about being able to adequately scale the subsidiaries to enable them to compete successfully against local competition. Second, challenging political and macroeconomic conditions, the competitive situation, or simply an undesirable development of the market (e.g., lower demand) in the host countries are overwhelming and add additional hurdles to a successful continuation of the business.

This archetype was developed from four market exits (ICA Group Norway, REWE Group Latvia, Salling Group United Kingdom, Kesko Group Russia). In the market exit of the ICA Group's from Norway, the retailer faced a poorly performing subsidiary and was unable to solve the underlying operational problems due to unfavorable regulatory decisions.

> *"The Norwegian operations have been characterized by negative sales and profit growth for a number of years, partly driven by high purchasing prices and logistics costs. After the Norwegian Competition Authority gave notice at the beginning of the year that it did not intend to approve the planned sourcing cooperation with Norgesgruppen, we began looking more actively at alternative solutions."* Annual Report, ICA Group (2015)

Table 4.2.: Archetypes of Exit Driver Combinations

		Subsidiary-level Drivers			**Host-country-level Drivers**				**Parent-company-level Drivers**	
		Issues with subsidiary partners (JV, Franchisee)	Lack of scaling perspec-tives	Low performance of the subsidiary	Bad economic situation in the host country	Political situation in the host country	Negative retail market outlook	Competitiv e situation in the host country	Low performance of the parent-company	Strategic refocus of the parent-company
Archetype 1: Divestment of struggling subsidiaries in unattractive markets	ICA Norway			■		■				
	REWE Latvia		■	■		■	■	■		
	Salling UK		■	■				■		
	Kesko Russia		■	■	■			■		
Archetype 2: Divestment of subsidiaries due to partnership issues	Carrefour Albania	■								
	Carrefour Bulgaria	■								
	Carrefour Cyprus	■								
	Carrefour Macedonia	■								
	Carrefour Slovakia	■								
	Carrefour Greece	■								
	Leclerc Italy	■								
Archetype 3: Divestment of struggling subsidiaries by parents in a corporate crisis	M&S Slovakia			■					■	■
	M&S Estonia			■					■	■
	M&S Netherlands			■					■	■
	M&S Poland			■					■	■
	M&S Hungary			■					■	■
	M&S Lithuania			■					■	■
	M&S Belgium			■					■	■
	M&S Croatia			■					■	■
	M&S Serbia			■					■	■
	M&S Bulgaria			■					■	■
	M&S Slovenia			■					■	■
	M&S Montenegro			■					■	■
	M&S Latvia			■					■	■
	Delhaize Bosnia & Herzegovina			■					■	■
	Delhaize Bulgaria			■					■	■
Archetype 4: Divestment of struggling subsidiaries in unattractive markets by parents in a corporate crisis	S Group Latvia		■	■		■	■	■	■	■
	S Group Lithuania		■	■		■	■	■	■	■
	Metro Denmark		■	■		■	■		■	■
	X5 Retail Group Ukraine			■	■	■			■	■
Archetype 5: Proactive divestment of sub-sidiaries to optimize resource allocation in the intern. portfolio	Intermarché Serbia									■
	Intermarché Bosnia & Herzegovina									■

In another market exit, Palink, the REWE Group joint venture in Latvia, found itself operating in a difficult retail market. The CEO of the Salling Group, a competitor and the market leader in Latvia at that time, commented on the exit of Palink:

> *"The fact that Palink is leaving Latvia only confirms the complexity of the retail sector in that country, with relatively low profits. The market is highly competitive, consumer purchasing power is low."* Valdis Turlais, CEO, Salling Group (Lyrtas 2014)

Because of both a lack of scale that did not allow them to compete successfully in such a difficult industry and the financial harm caused by an unjustified insolvency lawsuit, the REWE group and its JV partners decided to sell their lossmaking supermarket banner Iki to the Latvian retailer Mego and thereby exited the country.

> *"In Latvia our market share was too small to compete successfully. The decision of our foreign investors to stop investing in the Latvian market was also greatly influenced by the insolvency proceedings initiated in 2012 against our company in Latvia. All these factors led to the decision to leave the Latvian market"* Emil Stefanov, CEO, Palink (Alfa 2014)

4.4.2. Archetype 2: Divestment of Subsidiaries Due to Partnership Issues

The market exits in this archetype are characterized by retailers that exit foreign markets because their international partnerships end when the host-country partner fails in some form or conflicts between partners emerge.

In the joint venture between Leclerc and Conad, a conflict occurred because the two retailers joined competing alliances. At the parent-company level, Leclerc decided to join a new buying alliance. This was not compatible with continuing its joint operations with Conad in Italy. Overall, the two retailers had *"profound differences with regard to the future organization of the partnership and its strategic orientation"* (PGC 2014).

Carrefour's exit from Greece and four other countries in Southeastern Europe (Albania, Bulgaria, Cyprus, and North Macedonia) was an unavoidable consequence of the bankruptcy of its exclusive franchise partner, the Greek Marinopoulos Group. While the precipitating factor for the exit was the Greek Marinopoulos Group's bankruptcy, previous decisions by Carrefour had possibly aggravated Marinopoulos's crisis and incited its bankruptcy. Because of the economic crisis and related uncertainty in Greece, Carrefour had left the joint venture with Marinopoulos in 2012 (Kathimerini 2017) and shifted to a franchising model in all five markets. When Marinopoulos filed for bankruptcy in 2015, the local retailer Sklavenitis acquired the remaining assets (Kathimerini 2017) but had no interest in taking over the franchising agreements with Carrefour. Similarly, Carrefour saw its franchised operations in Slovakia come to an end when its franchise-partner Retail Value Group was no longer able to sustain operations of its Carrefour outlets due to severe financial difficulties (Aktuality 2018).

4.4.3. Archetype 3: Divestment of Struggling Subsidiaries by Parents in a Corporate Crisis

This archetype is characterized by exits undertaken by retailers that faced negative circumstances at the corporate level, primarily because they were under significant pressure in their domestic markets. This pressure led them to abandon struggling international subsidiaries and to focus their strength on more urgent matters.

In total, 15 market exits (Delhaize Group Bosnia & Herzegovina, Delhaize Group Bulgaria, and all 13 Marks & Spencer exits) can be classified under this archetype.

Marks & Spencer faced significant difficulties at the corporate level, mainly driven by a challenging home-market environment with tough competition from food discounters, but also further aggravated by their international operations' weak performance. Under strong pressure to turn the business around, the retailer, with the arrival of its new CEO Steve Rowe in 2016 (The Grocer 2016), decided to exit poorly performing international operations, most of which were mainly wholly-owned operations. Well-performing operations, mainly those operated through a franchise system, were not divested.

> *"We have now completed a forensic review of our estate both in the UK and in our international markets. Our international business consists of two parts: an owned business that is loss making in a number of markets and a profitable franchise business […]. Our review has looked at the performance and potential of each of our international markets. Internationally, we propose to cease trading in ten loss making owned markets, but intend to continue to develop our presence through our strong franchise partners."* Steve Rowe, CEO, Marks & Spencer (2016)

The supermarket chain Delhaize was also confronted with considerable pressures in its home market Belgium, where the retailer faced fierce competition and witnessed its net income decrease by 65 percent in the five years prior to exiting Bulgaria and Bosnia and Herzegovina (Delhaize Group 2010-2014). Both exits of Delhaize are, in fact, part of a broader strategic refocus of the retailer, which manifested itself as an almost total withdrawal from Southeastern Europe (except for Serbia). Shortly before the exit from Bulgaria and Bosnia and Herzegovina, the retailer had already left Albania (2013) and Montenegro (2013) (Reuters 2014). Interestingly, for Delhaize, as well, the arrival of a new CEO was important in triggering the refocus strategy.

> *"With the arrival of Frans [Muller], the Executive Committee took the opportunity to review our strategy and develop a new strategic framework."* Annual Report, Delhaize Group (2014)

Like Marks & Spencer, Delhaize, under significant corporate pressure, decided to review their international portfolio and chose to divest only the poorly performing operations (e.g., Bulgaria), while continuing to rely on their stronger international operations.

> *"We want to focus on the most profitable markets such as Serbia, Romania or Greece. But this was not the case in Bulgaria.*" Company Statement, in L'Echo (2014)

4.4.4. Archetype 4: Divestment of Struggling Subsidiaries in Unattractive Markets by Parents in a Corporate Crisis

In this archetype, exiting retailers were confronted with troubles at all three levels: the corporate, the subsidiary, and the host-country level. This archetype was developed from four market exits (S Group Latvia, S Group Lithuania, Metro Group Denmark, and X5 Retail Group Ukraine). It is particularly well illustrated in S Group's exit from Latvia. Scrutinizing the narrative for this exit reveals issues at all levels. First, fierce competition caused pressure in the domestic market.

> *"Discontinuing operations in Latvia and Lithuania will allow the retailer to focus on its home market of Finland. There, its main competitor Kesko is investing heavily, also bolstered by divesting of overseas markets and non-core businesses."* Daniel Johansson, Retail Analyst, LZ Retailytics (2017)

S Group's annual reports revealed its dismal financial performance in the five years before the exit from Latvia, with an average return on sales of just 0.16 percent (S Group 2013-2017).

Second, its Latvian subsidiary was performing poorly and lacked scale. Third, the grocery retail sector in Latvia was becoming more competitive as local retailers were investing heavily. Fourth, S Group's Latvian operations were harmed by the authorities' intervention that closed one of its stores for months because of "alleged" security issues with the building.

> *"During our revision, we understood that the Latvian and Lithuanian Prisma market share is not high enough to ensure the profitability of operations and that obtaining enough additional volume through organic growth would be very challenging in the next few years. […] Competitors have invested heavily in both countries in recent years, with the result that the square footage of trade relative to population and consumer purchasing power is already quite high. In addition, our operating conditions in Latvia were significantly weakened by the closure of Prisma Deglava last year and the subsequent termination of the lease."*[18] Jorma Vehviläinen, CEO, S Group (2017)

4.4.5. Archetype 5: Proactive Divestment of Subsidiaries to Optimize Resource Allocation in the International Portfolio

This archetype describes market exits that are undertaken because a retailer shifts its resources to other markets that it identifies as being more lucrative in the long term.

Both market exits of Intermarché (Serbia and Bosnia & Herzegovina) build this archetype. These market exits were part of a shifting focus from Southeastern Europe towards Western European markets, where the retailer had more promising expansion opportunities, and were unrelated to performance (LSA 2015). Intermarché had already started this refocus effort in 2012 by exiting Romania (Advertiser Serbia 2015).

[18] Translated from Finnish.

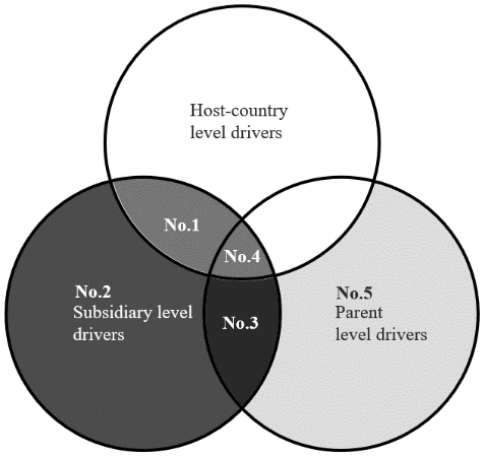
> *"Withdrawal from the Balkans had begun in 2012, and corresponds to a strategic refocus rather than reactions to performance issues. (…) From now on, Les Mousquetaires' European operations will be based in France, Portugal, Belgium and Poland. Latter driving international growth, with performances that have been particularly good in 2014."*[19] Morgan Leclerc, Retail Analyst, LSA (2015)

4.5. Discussion

The previous section offered a detailed explanation and discussion of the five archetypes. To allow for an overarching discussion of the archetypes and the drivers that form these archetypes, the findings are illustrated in the form of a Venn Diagram (see Figure 4.2.).

Figure 4.2.: Venn Diagram of Exit Driver Combinations

Archetype	Description	Number of market exits
No. 1	Divestment of struggling subsidiaries in unattractive markets	4
No. 2	Divestment of subsidiaries due to partnership issues	7
No. 3	Divestment of struggling subsidiaries by parents in a corporate crisis	15
No. 4	Divestment of struggling subsidiaries in unattractive markets by parents in a corporate crisis	4
No. 5	Proactive divestment of subsidiaries to optimize resource allocation in the international portfolio	2



The shade of each set corresponds to the number of market exits within an archetype: a darker color = a higher number of market exits.

Figure 4.2. provides a clear picture regarding the importance of the different levels of drivers. Subsidiary-level drivers clearly dominate amongst the market exits – they are relevant in 30 of 32 market exits and are present in four out of five archetypes. Parent-level drivers are the second most important type; they occur in 21 of 32 market exits and are present in three out of five archetypes. Finally, host-country-level drivers play a role in only eight market exits and in only two out of five archetypes, making it the least frequent level of drivers in the dataset. This outcome is similar to what is found in manufacturing divestment research. Even though the exact variables investigated in retail and manufacturing divestment differ, in both research streams, subsidiary-level drivers are the most important ones, followed by parent-level drivers. Finally, while host-country-level drivers are the least prominent drivers in our retail-specific dataset, we find evidence that they do, in fact, play a role in explaining some foreign market exits. This differs from manufacturing divestment, where literature review results demonstrate most host-country-level drivers do not play a significant role in triggering foreign subsidiary divestment (e.g., Arte and Larimo 2019; Schmid and Morschett 2020).

[19] Translated from French.

Figure 4.2. highlights that exit drivers most frequently occur simultaneously on several levels. Only nine of the market exits in this study exclusively involved drivers from a single level: seven market exits were triggered solely by subsidiary drivers (archetype 2), while parent-level drivers alone only led to two market exits (archetype 5). Archetypes 1, 3, and 4 are characterized by configurations of drivers on several levels; these archetypes represent 23 out of 32 market exits. Most of these market exits (19) were dyadic - comprising two different levels (archetypes 1 and 3). In four market exits, drivers from all three levels played a triadic-type role in the divestment decision (archetype 4).

Comparing the five archetypes with the typologies from previous retail divestment studies, we find that most market exits in our study can be attributed to several categories within extant typologies.

In the *first archetype*, exits follow the logic of tactical divestments rather than strategic divestments since the retailers decide to divest failing operations abroad. On the one hand, drivers at the subsidiary level, i.e., lack of scale and operational underperformance of the units, lead to "competitive failure" in the country and can be seen as an underlying motive for divestment. Financial difficulties at the subsidiary level create pressure for management teams and often lead to divestment decisions (Benito and Welch 1997; Berry 2013; Feldmann 2016; Finnegan et al. 2019). Boddewyn (1979) stressed that such decisions are influenced not only by the current but also by the expected future financial performance of foreign operations. On the other hand, drivers at the host-country level, i.e., the local competition authority denying a merger (as for ICA Group) and an insolvency lawsuit (as for REWE Group) lead to "market failure" and act as precipitating circumstances that eventually trigger the exit decision. Hence, following the typology of Burt et al. (2003), we can observe both simultaneous "competitive failure" (i.e., operational underperformance) and "market failure" (i.e., unfavorable political and regulatory conditions) that lead to these market exits. This observation illustrates how subsidiary-level and host-country-level drivers mutually reinforce themselves to trigger exit decisions. This scenario also aligns with Mellahi et al. (2002)'s arguments, highlighting that internal and external factors often simultaneously affect foreign retail divestment. Internal factors are not necessarily related to operational mistakes of the retailer in their international operations (e.g., non-adaption to the host-country culture), as argued by Burt et al. (2003), but can be related to the natural hurdles of international expansion (e.g., scalability of subsidiary operations). Furthermore, external factors regularly do not drive divestment directly; instead, they do so indirectly by reinforcing internal drivers. Several scholars have discussed the interaction of subsidiary-level and market-level drivers. Berry (2013) indicates that a high market potential can offset the influence of poor performance on retailers' divestment decisions. Instead of divesting the operations, retailers may be willing to invest further financial and managerial resources into poorly performing subsidiaries when the market is attractive. If the market is challenging per se, however, as in the above described market exits, it is difficult for

retailers to justify further investments into such subsidiaries. Wood et al. (2016) emphasize that retailers have to protect their reputation towards shareholders and financial institutions by demonstrating a coherent and adequate capital allocation in their international expansion activities.

In the *second archetype*, exits are predominantly caused by changes in circumstances related to international partnerships. This contrasts starkly to the other archetypes, where more complex and interrelated motives lead to the divestments.

In the *third archetype*, exits follow the logic of "corporate crisis" divestments as described by Cairns et al. (2010), or "business failure" as described by Burt et al. (2003). The archetype includes exits by two retailers: Marks & Spencer and the Delhaize Group. Both retailers abandoned their poorly performing international operations, as they distracted the retailers' attention from more pressing strategic priorities, i.e., negative developments at the corporate level. Thus, both retailers strategically refocused their international operations: while Marks & Spencer discontinued a large portion of its wholly-owned operations, Delhaize almost completely withdrew from Southeastern Europe. The 13 discontinued Marks & Spencer operations represented only a cumulative 0.91 percent of total sales. However, together with four exited countries outside of Europe (EDGE Retail Insight 2020), as part of the same refocus effort, Marks & Spencer left 17 of the 47 markets in their international portfolio virtually overnight. For both Marks & Spencer and Delhaize, it was a newly appointed CEO that initiated the refocus strategy. This observation delivers further evidence for the frequently discussed importance of a change in senior management as a precipitating circumstance in prompting foreign divestments (Alexander and Quinn 2002; Cairns et al. 2010; McDermott 2012). While the need to refocus on the domestic market is a strategic driver for divestment, the choice of which specific markets are to be exited is a tactical one. In this archetype, parent companies in crisis only divest their poorly performing foreign subsidiaries. Consequently, the forces that drive a retailer to divest from specific markets while continuing its activities in others are the result of "competitive failure", i.e., operational underperformance of the subsidiary (Burt et al. 2003). This demonstrates that the exit decisions in this archetype are driven by a dyadic relationship between home- and subsidiary-level drivers. Authors have developed various arguments to explain this type of dyadic relationship. On the one hand, parent companies with financial difficulties are often unable to satisfy their poorly performing subsidiaries' needs for financial and managerial resources and thus divest them (Torneden 1975). On the other hand, the tolerance of a parent company towards foreign losses or loss potentials may be lower when faced with difficulties in its home market (Torneden 1975). Shareholders and financial institutions expect corrective measures, such as exiting the lossmaking markets, to safeguard the financial well-being of the retailer (Palmer and Quinn 2003).

In the *fourth archetype*, exits follow a similar underlying logic as in archetype 3. In both archetypes 3 and 4, the exits are driven by retailers experiencing a crisis at the corporate level and feeling the need to refocus at a strategic level. Under these circumstances, they decide to

exit certain international markets. What differentiates the fourth archetype from the third is that the exited operations are not only performing poorly, but they are also suffering from difficult circumstances at the host-country level such as a difficult economic and/or political situation, a negative retail market development, or an increasingly challenging competitive situation. In archetype 3, we argued that struggling parent companies would not be able or willing to support their weakly performing subsidiaries, and they would be willing to support them even less in unattractive markets with no promising future prospects. Following the reasoning of Burt et al. (2003), these exits are the result of not only "business failure" and "competitive failure" but also "market failure". In contrast to archetype 3, where we observed a dyadic combination of drivers, in this archetype, we observe a triadic relationship between drivers on the parent, the subsidiary, and the host-country level. Coe et al. (2017) and Doherty and Alexander (2015) have emphasized that retail divestments are often triggered by both conditions in the home country (e.g., deteriorating market conditions and financial pressures in the home country) and multiple host-country and subsidiary-level conditions at the level of the divested operations (e.g., weak subsidiary performance due to competitive pressure and harmful regulations).

In the *fifth archetype*, exits follow the logic of "positive restructuring", as discussed by Cairns et al. (2010). Retailers leave markets proactively - in this case, divesting operations for which they see only limited prospects relative to other active or potentially new operations. Scholars have argued that well-managed retailers change their international strategy and divest foreign operations to focus on good performers when their resources are not allocated optimally within the international portfolio (Alexander et al. 2005; Berry 2010; Hamilton and Chow 1993; Hennart et al. 1998). In this archetype, it is solely the attractiveness of operations unrelated to the observed market exits that lead retailers to divestment decisions. Resources gained from the divested operations are used for investments in markets with higher expected returns (Alexander et al. 2004; Berry 2010; Palmer & Quinn 2007). By allowing other, more lucrative investments to occur, foreign divestments represent essential strategic means in an internationalization process that is a continuum of retrenchment and growth. This archetype is thus distinguished from archetypes 1 through 4, since in these other archetypes, exits represent corrective actions.

As the preceding discussion shows, most market exits can be explained by several categories within the existing typologies of foreign retail divestment. This confirms the need for a multidimensional typology of foreign market exit drivers.

As mentioned previously, a qualitative approach was used to investigate market exits and to form the archetypes. This approach included developing a full picture of the characteristics for all market exits. Some of these characteristics represent the dynamics of contemporary market exits particularly well and deserve to be discussed in more detail.

Most of the retailers in our study were active in many different countries simultaneously: as previously illustrated, the divested countries often only represented a small share of the retailers' total sales.

In several market exits, a change in senior management at the retailer helped precipitate exit decisions. Marks & Spencer, Intermarché, the Delhaize Group, and the Kesko Group all changed their top management one year prior to their exits. Within this category, all but the Kesko Group's exit belong to archetypes characterized by strategic refocus motives (in archetypes 3 and 4). This offers further evidence for the importance of the often-discussed role of leadership changes in prompting strategic reviews that lead to foreign market exits (Cairns et al. 2010; McDermott 2012).

Retailers often exited multiple countries in the same period. While six exits were "isolated" market exits (archetype 1 consists of only such market exits), twelve exits were part of a regional restructuring wave (in archetypes 2, 3, 4, and 5), and fourteen exits were part of a global restructuring wave (in archetypes 3 and 4). The latter market exits are mainly attributed to Marks & Spencer, which exited from Eastern and Southeastern Europe, Central Europe, and, looking beyond our dataset, China, in the same period.

Retailers often viewed exiting several countries simultaneously as the only way forward when considering the many challenges they faced in their home markets (Coe and Wrigley 2017). Although this type of exit would only have minor effects on retailers' overall sales figures, it would free up significant managerial resources and allow them to focus on their challenges at home (in archetypes 3 and 4) or regions or countries where they had identified more promising growth opportunities (in archetype 5). Furthermore, in the case of a successful operation sale to a third party, the divestment proceedings might ease a struggling retailer's financial situation. However, our data showed that retailers were only able to sell their foreign operations in one third of the market exits.

An interesting divestment driver, visible in archetypes 1 and 4, was grocery retailers' realization that they could not achieve the necessary scale in a country to be competitive there. While this issue only clearly influenced divestment decisions in six of the investigated market exits, it might have played a certain role in other exit decisions. Interestingly, the divested subsidiaries were only among the three biggest retailers in the host country in four of the 32 market exits. Thus, most subsidiaries did not have a leading position in their markets, making it difficult for them to be competitive. McDermott (2012) discussed the importance of achieving scale in international markets for the retailer Carrefour. After the appointment of its new CEO José Luis Duran, in 2005, Carrefour initiated a phase of strong refocus, exiting from markets where it failed to achieve a leadership position. Our data shows that this mindset has been growing in popularity within the grocery retail sector. The increasing prominence of a longer phase of consolidation and regional focus in the grocery retail industry has only recently begun to be discussed in more depth (e.g., Burt et al. 2018; Coe and Wrigley 2017; Palmer and Quinn 2007; Wood et al. 2016). While this phase originated in the mid-2000s (Burt et al. 2008a; Coe

et al. 2017) with Marks & Spencer's large-scale withdrawal from continental Europe, the global economic and financial crisis further strengthened these patterns. An increasing number of multinational retailers were forced to shift their attention away from globalization and to instead concentrate on challenges in their domestic markets (Coe and Wrigley 2017). In both our findings and those of Burt et al. (2018), we observe that this phase of regional and home-market-refocus exits is still ongoing. Specifically related to the findings of Burt et al. (2018), we show that European grocery retailers, in their quest to "reconfigure the global firm", divest not only from geographically distant markets like Asia but also from operations close to home.

4.6. Conclusion

This paper began with the premise that the identification of multidimensional combinations of drivers leading to foreign market exits is essential to truly understanding the phenomenon of foreign divestment. We analyzed the exit drivers of *all* 32 country exits that occurred amongst the 50 largest grocery retailers in Europe in the five years from 2014 to 2018. By doing so, we were able to draw a full picture of contemporary retail divestment in this region. Our findings take the specific and complex context of each individual market exit into account, while still considering the overarching issues across all market exits.

4.6.1. Theoretical and Empirical Contributions

Our paper contributes to the literature in several ways. First, we identified nine drivers and their combinations that explain all exit decisions. Empirically, we show that these drivers do not have the same frequency of occurrence. While some drivers affect almost all market exits (e.g., low performance of the subsidiary), others only occur rarely (e.g., bad economic situation in the host country). This finding indicates that some drivers are more relevant than others.

Second, we responded to the explicit calls by different researchers not only to investigate individual drivers of foreign subsidiary divestment but also to consider combinations of drivers that affect exit decisions simultaneously (e.g., Berry 2010; Burt et al. 2018; Schmid and Morschett 2020). Thus, we adopt a holistic, multidimensional approach to analyzing individual retail market exits. As a theoretical contribution, our findings confirm the existence and importance of exit driver combinations for each individual exit. Many of our investigated market exits feature a simultaneous occurrence of multiple exit drivers at the subsidiary, the host-country, and the parent-company level.

Third, on an aggregated level, our concept of retail divestment driver archetypes arguably represents the first truly multidimensional way of classifying combinations of drivers of retail market exits. While Burt et al. (2018) demonstrated the dominance of different driver combinations over time, we show that a number of distinct types of driver combinations co-exist at the same time. As our main theoretical contribution, we developed an initial typology of exit driver combinations by classifying reoccurring combinations of exit drivers into

archetypes. These archetypes were described in detail and reviewed in the discussion section. We propose a limited set of driver configurations that represent all the different types of exits in our database. The market exits in archetype 1 are characterized by retailers divesting struggling subsidiaries in unattractive markets. Archetype 2 includes retailers that exit foreign markets as a result of ending international partnerships. In archetype 3, retailers facing a corporate crisis and experiencing financial difficulties at both the corporate and foreign subsidiary levels divest their struggling subsidiaries in a strategic refocus effort. In archetype 4, drivers at the host-country level are added to reinforce the drivers related to financial difficulties at the subsidiary and parent-company levels; thus, retailers within this archetype are confronted with troubles at all levels. Archetype 5 is characterized by proactive exits by retailers that strategically focus their resources and capabilities on more promising markets. Our typology makes no claim to be exhaustive, as almost no typology does (Miller 1996). Nevertheless, it can serve as a tool for further investigation of foreign retail exits because familiar patterns can be recognized and categorized more easily without having to explain the drivers behind each exit in detail.

Fourth, we empirically show that some archetypes appear more frequently than others. Archetype 3 represents 15 market exits, archetype 2 represents seven market exits, archetypes 1 and 4 represent four market exits each, and archetype 5 represents two market exits. This result is partially driven by the nested structure of our dataset, in which multiple market exits are sometimes nested within one retailer. However, it must be noted here that all archetypes except archetype 5 (composed of two Intermarché exits) are built of market exits stemming from at least two retailers. Furthermore, nested structures of market exits, as seen in this dataset, represent a real manifestation of the phenomenon of foreign market exits and thus deserve to be investigated properly. This means that *all* 32 market exits, regardless of whether they belong to the same or different retail companies, must be investigated and, in our case, needed to be considered when building the archetypes. It is imperative, however, that the nested structure is considered when investigating market exits from the perspective of foreign operations in order to avoid distorted findings. In quantitative research, such multiple market exits from the same retailer are often treated in isolation. However, with the deeper understanding of each market exit gained through qualitative research, it was possible to consider the nested relationships in the interpretation of the findings. In this respect, the nested structure also has advantages because it allows parent-company level influences to be separated from subsidiary level influences.

Fifth, we contribute to the theory by showing that previous typologies often do not suffice to describe exit types fully since they lack multidimensionality. More specifically, we contribute to the discussion about the importance of strategic motives to foreign divestment, especially in contrast to failure-related motives (e.g., Cairns et al. 2010; Palmer and Quinn 2007; Sousa and Tan 2015; Tan and Sousa 2019). Indeed, the study confirms that exits are often part of a broad strategic refocus of retailers (as in archetypes 3, 4, and 5). However, it also

provided evidence that proactive and positive refocus exits, as sometimes discussed in divestment literature, are rather rare (appearing in two market exits from one retailer in archetype 5). In several market exits, retailers attempt to hide their exits under the guise of proactive strategic changes as part of their international strategy to optimize their investments. By using a wide array of sources and investigating the market exits in depth, we were able to illustrate that most strategic exits, even if part of a broader refocus strategy, are reactive responses to challenges at the subsidiary, host-country, and/or parent-company level (as seen in 19 market exits by five retailers in archetypes 3 and 4).

Sixth, as another theoretical contribution, we find evidence of differences between manufacturing firms' and retail firms' divestments. While manufacturing divestment research found that host-country-level drivers do not play a significant role overall in triggering MNCs to divest their subsidiaries, we find evidence that host-country-level drivers do play a role in explaining certain foreign retail divestment decisions. This might be related to the internationalization motives of manufacturing companies and retailers. As mentioned before, manufacturing MNCs and international retail companies differ in their motives to open subsidiaries in foreign host countries. Retailers' main motive is market seeking, which makes them vulnerable to market changes. We found eight market exits that were strongly influenced by changes regarding the macroeconomic, political, competitive, or retail market environment in the host country. Manufacturing MNCs, in contrast, have a multitude of motives to enter foreign countries, including resource seeking and efficiency seeking (Dunning 1988). Thus, changes in the host market may not deteriorate their future prospects. This could be a reason why previous research on manufacturing divestment has found little evidence for host-country drivers that trigger foreign divestment (e.g., Arte and Larimo 2019; Schmid and Morschett 2020). However, the effects also may be more difficult to measure in manufacturing research since positive and negative effects offset each other due to the multiple motives of these operations (e.g., an increasing income level is positive for the market-seeking motive but negative for the resource-seeking motive). While this question cannot be answered in this study, it would be an interesting issue to explore in the future.

4.6.2. Managerial Implications

Our study also provides implications for retail practitioners who can learn from the divestment experiences of other retailers (Ajai 2015; Alexander et al. 2005; Palmer 2004). However, this should be done with caution because our study does not allow normative conclusions per se, as it includes no analysis of the performance effects of the divestments. Still, divestment in itself can be viewed as an outcome, and our results show drivers of that outcome.

First, grocery retailers can use our overview on recent foreign exit patterns in the European market to better understand the foreign divestment dynamics in their industry. In Appendix 4.1., they can find extensive information about the 32 market exits and their context.

Second, by understanding the drivers that frequently lead multinational retailers to exit markets, retailers can be better prepared for exit drivers that might arise within their own international expansion.

Third, retailers can try to proactively influence certain drivers to keep them from becoming exit drivers in the future. For example, by understanding that many foreign exits are driven by the limited scalability of a foreign subsidiary, retailers can be more attentive to this issue when entering host countries. From this perspective, integrating our findings into retailers' decision-making processes might diminish their probability of having to exit certain markets.

Fourth, retail managers can use the identified archetypes of exit drivers when revising their portfolio of foreign markets and can use it to question the "raison d'être" of their different foreign operations. By applying the archetypes, managers, who are sometimes reluctant to divest from foreign markets even though they would fulfill all criteria to be divested (Nargundkar et al. 1996; Torneden 1975), can be convinced to do so. By examining the market exits discussed in our contribution, managers might realize that other retailers have divested similar operations and may, consequently, reduce their own barriers to divest their foreign operations.

4.6.3. Limitations

Regarding the generalizability of findings and counterexamples, this case study has the inherent limitations of qualitative research (e.g., Sinkovics et al. 2008; Wood et al. 2016). Analytical generalizations drawn from case study research, no matter how rigorous the methodology, deserve caution. More specifically, the scope of the dataset is a limitation. Because this study focuses on the grocery retail sector in Europe and recent market exits, the findings might not be transferable to other contexts (e.g., different retail sectors, industries, regions, and periods of time). Certain drivers that were found to be relevant may be less relevant in other contexts and vice versa. Furthermore, regarding the legal ownership structure, most retail companies in our dataset are publicly listed corporations. The effect of financial performance at the subsidiary and/or parent-company level may not be the same for non-listed companies that do not face the same pressure to react to short-term results (Palmer and Quinn 2003).

Our dataset has a nested structure, i.e., multiple market exits are sometimes nested within one retailer or one host country. This structure causes certain retailers to dominate certain archetypes (i.e., Carrefour exits in archetype 2; Marks & Spencer exits in archetype 3). As previously mentioned, this limitation was taken into account in the qualitative approach. However, in the future, it would undoubtedly be beneficial to investigate market exits from a larger number of parent firms to see whether they can be attributed to the archetypes identified in this study.

The archetypes in this study are identified based on 32 market exits of large grocery retailers. Thus, our study demonstrates the existence of certain archetypes of exit driver

combinations but does not provide an exhaustive typology. We believe that additional archetypes could be identified when investigating more market exits.

Our qualitative content analysis is based on publicly available sources and does not include interviews with the company actors responsible for the exit decisions or those close to them. We believe that by investigating large and public retailers, and by consulting a wide range of sources and expert opinions, we were able to capture an accurate picture of the nature of the country exits in our dataset. However, publicly available sources do not allow insights into certain internal issues, no matter how much data triangulation is applied. For example, a retailer might not want to report internal problems leading to failure and might prefer to blame the divestment on bad financial results due to the host country's poor macroeconomic situation. Some authors also criticize annual reports because they are sometimes prepared by public relations specialists rather than the top management team (Abrahamson and Hambrick 1997) and may be distorted in the attribution of organizational actions and outcomes (Barr et al. 1992; Clapham and Schwenk 1991). Conducting additional interviews with people involved in the exit decisions would allow a more extensive triangulation of sources and ensure a higher degree of validity and reliability.

Lastly, our study focuses on divested subsidiaries and does not investigate retail subsidiaries that survive. Therefore, the conditions under which similar driver configurations do not lead to divestment could not be analyzed.

4.6.4. Implications for Further Research

We showed that, for most market exits, combinations of drivers rather than single drivers lead to foreign market exit. Thus, this study lends further support to the configurational approach in general (see, e.g., Cerrato et al. 2016; Lim et al. 2006; Miller 1986; Miller 1996), but importantly also within divestment research. Especially when considering the classification of strategic divestments vs. failure-related divestments, we see the necessity of a more integrated, multidimensional approach.

Our findings are based on a limited set of market exits in Europe that took place between 2014-2018 and, thus, depend on this context. It is therefore important to apply a similar approach in different contexts (e.g., different retail sectors, industries, regions, and periods of time) to determine, first, whether the archetypes found in our case-study context also represent market exits in other contexts and second, which additional archetypes can be identified. This research would also help to interrogate the importance of the different archetypes. For example, we only detected two genuine "proactive restructuring" divestments, such as those discussed by Cairns et al. (2010). However, this archetype may be found more frequently beyond the scope of our study. For instance, in 2020, the German hypermarket retailer Kaufland ceased its activities in Australia shortly before opening its first stores in the country, following investments of over USD 500 million in real estate. There is no indication that the local situation in Australia had any influence on this decision. Instead, Kaufland argued that it would refocus

on the growth opportunities in Europe, where it had a large and attractive investment opportunity at the time (Kaufland 2020).

Based on the broader scope, it would also be worthwhile to investigate the association of existing archetypes with the specific context; this research would be similar to the study by Burt et al. (2018) that links specific configurations of divestment drivers to different periods of time.

By building archetypes based on similar underlying logic, we demonstrate that not each market exit has to be dismantled with regard to the detailed drivers that lead to exit but that a relatively small number of drivers suffices to identify a specific archetype. This permits an efficient investigation of large sets of market exits based on a smaller set of describing variables. Thus, quantitative research should be applied based on our qualitative findings to analyze their generalizability and robustness. Quantitative retail divestment studies could apply clustering methods to identify multi-dimensional configurations of divestment drivers. Such approaches have proved to be very promising in other areas of international business research (e.g., Hagen et al. 2012; Ronen and Shenkar 2013). However, in this case, researchers must explicitly address the nested multilevel data structure in this field to avoid generating distorted findings (Peterson et al. 2012). Quantitative methods would also allow the inclusion of surviving operations for comparison. However, instead of the usual regression-based studies that focus on individual drivers (or simple interactions), our findings indicate that combinations of drivers should be investigated together.

Finally, we see significant potential in conducting further in-depth qualitative research based on more longitudinal datasets. Taking only a few retailers for multiple case studies and analyzing their exits over a long period would allow researchers to investigate how drivers (and combinations thereof) vary over time within different companies. Burgelman (1994), in his work on the withdrawal of the microchip manufacturer Intel from the semiconductor business, already illustrated that withdrawals usually develop “co-evolutionarily” within companies and thus represent a multi-layered, complex research problem that is best investigated holistically.

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Appendix

Appendix 4.1.: Investigated Foreign Retail Exits in Europe (2014-2018)

Retailer	**No. Of country markets***	**Host Country**	**Operation Mode (at exit)**	**Year of Entry**	**Year of Exit**	**Type of Divestment (Closed vs. Sold)**	**Market Position***	**Re-Entry**	**Banner Level Details** (Name, Banner Type, Entry Year & Exit Year, Number of Stores)	**Exit Scope****	**Type of Refocus**
Carrefour (FRA)	40	Slovakia	Franchising	2000	2018	Closed (Bankruptcy of exclusive franchisee Retail Value Stores)	15	No	(Carrefour, hypermarkets, 2000-2018, 2)	Regional	n/a
Carrefour (FRA)	44	Macedonia	Franchising	2012	2016	Closed (Bankruptcy of exclusive franchisee Marinopoulos Group)	9	No	(Carrefour, hypermarkets, 2012-2016, 1) (Carrefour Market, supermarkets, 2014-2015, 1)	Regional	n/a
Carrefour (FRA)	44	Bulgaria	Franchising	2009	2017	Closed (Bankruptcy of exclusive franchisee Marinopoulos Group)	6	No	(Carrefour, hypermarkets, 2009-2017, 5) (Carrefour Market, supermarkets, 2009-2017, 1)	Regional	n/a
Carrefour (FRA)	41	Albania	Franchising	2011	2015	Closed (Non-renewal of franchising agreement)	1	No	(Carrefour, hypermarkets, 2011-2015, 2) (Carrefour Market, supermarkets, 2013-2015, 15)	Regional	n/a
Carrefour (FRA)	44	Cyprus	Franchising	1991	2017	Sold to local player Sklavenitis Group (after bankruptcy of exclusive franchisee Marinopoulos Group)	1	No	(Carrefour, hypermarkets, 1991-2017, 7) (Carrefour Market, supermarkets, 1991-2017, 10)	Regional	n/a
Carrefour (FRA)	44	Greece	Franchising	1991	2017	Sold to local player Sklavenitis Group (after bankruptcy of exclusive franchisee Marinopoulos Group)	1	No	(Carrefour, hypermarkets, 1991-2016, 33) (Carrefour Market, supermarkets, 1993-2017, 282) (Carrefour Express, convenience stores, 1993-2017, 357) (Smile Markets, convenience stores, 1993-2017, 200) (Terra Market, wholesale C&C, 2013-2016, 5)	Regional	n/a
Delhaize Group (BEL)	10	Bosnia and Herzegovina	Wholly-owned	2011	2014	Sold to local player Tropic Group	4	No	(Delta Maxi, supermarkets, 2011-2014, n/a)	Regional	c
Delhaize Group (BEL)	10	Bulgaria	Wholly-owned	2011	2014	Sold to local player AP Mart	5	No	(Picadilly, supermarkets, 2011-2014, 32) (Picadilly Daily, convenience stores, 2011-2014, 22)	Regional	c
ICA Group (SWE)	6	Norway	Wholly-owned	1992	2015	Sold to local player Coop Norge	4	No	(ICA Supermarked, supermarkets, 1992-2015, 75) (Matkroken, convenience stores, 1992-2015, 165) (Rimi, discounters, 1992-2015, 310)	Single	n/a
Intermarché (FRA)	7	Serbia	Wholly-owned	2004	2015	Sold to local player Aman	7	No	(Intermarché Super Interex, supermarkets, 2004-2015, 9)	Regional	c, d

Intermarché (FRA)	7	Bosnia and Herzegovina	Wholly-owned	1999	2015	Sold to local player Bingo	4	No	(Intermarché Super Interex, supermarkets, 1999-2015, 24)	Regional	c, d
Kesko Group (FIN)	9	Russia	Wholly-owned	2005	2018	K Ruoka: sold stores and plots to Lenta. K Rauta: sold 12 stores to Leroy Merlin and closed 2 stores.	79 [i]	No	(Intersport, sporting goods stores, 2011-2016, 18) (K Rauta, DIY stores, 2005-2018, 14) (K Ruoka, hypermarkets, 2012-2016, 11 (one is a supermarket))	Single	n/a
Leclerc (FRA)	7	Italy	Joint-venture	2002	2014	Sold to local joint venture partner Conad	24 [ii]	No	(E.Leclerc, hypermarkets, 2002-2014, 40)	Single	n/a
Marks & Spencer (UK)	55	Latvia	Wholly-owned	2007	2016	Closed	28 [iii]	No	(Marks & Spencer, department stores, 2006-2016, 1)	Global	c
Marks & Spencer (UK)	48	Lithuania	Wholly-owned	2008	2017	Closed	43 [iii]	No	(Marks & Spencer, department stores, 2008-2017, 1)	Global	c, d, f, o
Marks & Spencer (UK)	55	Montenegro	Wholly-owned	2009	2016	Closed	11 [iii]	No	(Marks & Spencer, department stores, 2009-2016, 1)	Global	c
Marks & Spencer (UK)	55	Slovenia	Wholly-owned	2004	2016	Closed	34 [iii]	No	(Marks & Spencer, department stores, 2004-2016, 1)	Global	c
Marks & Spencer (UK)	55	Serbia	Wholly-owned	2008	2016	Closed	49 [iii]	No	(Marks & Spencer, department stores, 2008-2016, 2)	Global	c
Marks & Spencer (UK)	48	Belgium	Wholly-owned	2015	2017	Closed	165 [iii]	Yes [iv]	(Marks & Spencer, department stores, 2015-2017, 1)	Global	c, d, f, o
Marks & Spencer (UK)	48	Estonia	Wholly-owned	2009	2017	Closed	33 [iii]	No	(Marks & Spencer, department stores, 2009-2017, 2)	Global	c, d, f, o
Marks & Spencer (UK)	55	Bulgaria	Wholly-owned	2006	2016	Closed	48 [iii]	No	(Marks & Spencer, department stores, 2008-2016, 3)	Global	c
Marks & Spencer (UK)	48	Netherlands	Wholly-owned	2013	2017	Closed	163 [iii]	Yes [v]	(Marks & Spencer, department stores, 2013-2017, 2)	Global	c, d, f, o
Marks & Spencer (UK)	48	Hungary	Wholly-owned	1992	2017	Closed	46 [iii]	No	(Marks & Spencer, department stores, 1992-2017, 6)	Global	c, d, f, o
Marks & Spencer (UK)	48	Slovakia	Wholly-owned	2006	2017	Closed	36 [iii]	No	(Marks & Spencer, department stores, 2006-2017, 7)	Global	c, d, f, o
Marks & Spencer (UK)	55	Croatia	Wholly-owned	2006	2016	Closed	29 [iii]	No	(Marks & Spencer, department stores, 2006-2016, 5)	Global	c
Marks & Spencer (UK)	48	Poland	Wholly-owned	2007	2017	Closed	96 [iii]	Yes [vi]	(Marks & Spencer, department stores, 2008-2017, 11)	Global	c, d, f, o
Metro Group (GER)	32	Denmark	Wholly-owned	1971	2015	Closed [vii]	27 [viii]	No	(Metro Cash & Carry, wholesale C&C, 1971-2015, 5)	Global	c+, f
REWE Group (GER)	12	Latvia	Joint-venture	2008	2014	Sold to local Player Mego	5	No	(Iki, supermarkets, 2008-2014, 51)	Single	n/a
S Group (FIN)	5	Latvia	Wholly-owned	2006	2017	Closed	3	No	(Prisma Hypermarket, hypermarkets, 2006-2017, 3)	Regional	d
S Group (FIN)	5	Lithuania	Wholly-owned	2008	2017	Closed	7	No	(Prisma Hypermarket, hypermarkets, 2008-2017, 4)	Regional	d
Salling Group (DK)	5	United Kingdom	Joint-venture	2014	2016	Closed [ix]	55	Yes	(Netto, discounters, 2014-2016, 10)	Single	n/a

X5 Retail Group (RUS)	2	Ukraine	Wholly-owned	2004	2014	Sold to local player Varus (Omega LLC)	13	No	(Perekrestok, supermarkets, 2004-2014, 12) (Perekrestok Express, convenience stores, 2004-2014, 1)	Single	d

[*] in year prior to exit
[**]single: only exit of the retailer between year prior to exit and year following the exit, regional: retailer exits other countries from same region between year prior to exit and year following the exit, global: retailer exits from several countries of different regions between year prior to exit and year following the exit
[i] includes K-Rauta banner
[ii] position of the JV Leclerc-Conad; Conad is No. 1 in Italy
[iii] based on total sales (not only grocery sales)
[iv] previous activity from 1975 - 2001
[v] previous activity from 1992 - 2001
[vi] previous activity from 1999 - 2001
[vii] wanted to sell two stores, but not possible because of competition authority
[viii] within Cash & Carry Nr. 2
[ix] parts of real estate taken over by joint venture partner Sainsbury's, remaining real estate taken over by local player Home Bargains.

d = domestic market refocus
c = core market refocus
c+ = core and new markets refocus
f = format refocus
o = operation-mode refocus
n/a = not applicable

Appendix 4.2.: List of First-order Codes and Second-order Constructs

Second-order constructs	**Bad economic situation in the host country**	**Political situation in the host country**	**Negative retail market outlook**	**Competitive situation in the host country**	**Low performance of the parent company**	**Strategic refocus of the parent company**	**Issues with subsidiary partners (JV, Franchisee)**	**Lack of scaling perspectives**	**Low performance of the subsidiary**
First-order codes	Currency issues	Armed conflict	Decline in consumption	Strong local competition	Low performance in the home country	Focus on core markets	Conflict of interest with joint venture partner	Insufficient cash available for required investment	Losses on the subsidiary level
	Economic crisis	Political crisis in the host country	Lower demand due to decreasing population	Significant development of existing competitors	Low performance of the retailer	Focus on different operation mode (JV, WOS, Franchise)	Financial problems of the franchise partner	Insufficient scale to ensure competitiveness	Subsidiary performance does not meet targets
	Economic sanctions	Restrictive government competitive policy	Stagnating or shrinking market	Strengthening local competition	Low financial performance in the core market(s)	Focus on domestic market		Lack of available store sites	
	Inflation	Strong interference of authorities	No market growth perspective	Entry of new and strong competitors		Focus on new markets		Necessary investments too high	
	Macroeconomic downturn	Unjustified insolvency lawsuit (incl. extortion)				Focus on other formats			
	Bad economic perspectives for the future								

5. Study 3: Retailers' Foreign Market Exits over Time: Firm-specific Behavior or Industry-specific Common Patterns? [20]

5.1. Introduction

Divestment from foreign markets is a highly relevant phenomenon (e.g., Benito and Welch 1997; Berry 2013; Burt et al. 2004; Chung et al. 2013b; Demirbag et al. 2011). Even though this relevance has been noticed long ago and the first studies were published almost five decades ago (Boddewyn and Torneden 1973; Tornedon and Boddewyn 1974), research on this topic still lags far behind research on international expansion (e.g., Belderbos et al. 2021; Berry 2013; Jackson et al. 2005; Konara and Ganotakis 2020; Tan and Sousa 2019; Wrigley and Currah 2003).

In the existing foreign divestment literature, most studies investigate single incidents of foreign market exits and do not consider the overarching, long-term divestment behavior of specific companies (see the literature reviews by Arte and Larimo (2019); Coudounaris (2017); Schmid and Morschett (2020); Trąpczyński (2016)). However, understanding companies' long-term behavior is crucial in strategic management, which considers strategy as a longitudinal process through which companies create and develop a competitive position (Porter 1991; Schendel 1996). The two main theoretical perspectives in this field are the industrial organization (IO) perspective and the corporate strategy (CS) perspective. Central to the field is the question of whether firms' behavior (i.e., strategy) and performance are primarily driven by industry-level or firm-level factors (Esho and Verhoef 2020; Hawawini et al. 2003; Rumelt 1991; Sun et al. 2021).

Internationalization strategy is an essential element of any multinational company's overall strategy. Over the past few decades, studies on international expansion have taken a longitudinal perspective and investigated companies' internationalization behavior over time (e.g., Kafouros and Aliyev 2016; Santangelo and Meyer 2017; Vahlne and Johanson 2017). In this context, the internationalization process (IP) model (Johanson and Vahlne 1977), explaining firms' increasing commitment in foreign markets and sequences of market entries, is the dominant theoretical perspective. In recent years, however, a realization arose that internationalization is not a linear and unidirectional process that unfolds in a sequential manner (Gaur et al. 2019; Swoboda and Schwarz 2006; Vissak and Francioni 2013; Wrigley and Currah 2003). Instead, it is characterized by periods of forward movement and international expansion, and periods of backward movement and exits from foreign markets (Chung et al. 2013b; Gersch and Franz 2018). Authors repeatedly pointed to the importance of understanding both aspects of internationalization to better understand international business (e.g., Berry 2013; Mohr et al. 2017). Retail companies also exhibit this non-linear internationalization behavior and divest extensively from foreign markets (Alexander et al. 2005; Burt et al. 2008a; Burt et al. 2004).

[20] Study 3 is under revision for publication in a journal.

While different forms of international retail divestment exist, from the closure of single stores to the complete termination of foreign activities (Alexander and Quinn 2002; Burt et al. 2002), the focus of this paper is on "foreign market exit", defined by Burt et al. (2003, p. 359) as the "total withdrawal of a firm from an operational presence in a foreign market". Over the past 16 years, the ten largest global retailers have, altogether, entered a total of 76 foreign markets; however, in the same period, they have also exited 43 foreign markets (EDGE Retail Insight 2020). For example, the French retailer Carrefour has demonstrated a constant flux of market entries and exits, entering 23 new foreign markets between 2005 and 2020 but withdrawing from 22 foreign markets.

Retailers are a highly suitable research subject for investigating foreign divestment for several reasons. First, there are many foreign market exits in the retail sector (e.g., Burt et al. 2018; Burt et al. 2004; Mohr et al. 2017). Second, retailers' market exits are clearly identifiable: the withdrawal ends with the last store closure in a country. Third, market exits have more severe and long-term consequences on retailers than on manufacturing companies since their market exits are less reversible. For a manufacturing company, such an exit might merely signify a period without export sales into a foreign country. Fourth, there is even less research on divestment in retail than on foreign divestment in general (Burt et al. 2018). Scholars have called for an investigation of international retail divestment separately from studies of international manufacturing divestment (Burt et al. 2008b) because retail differs from other sectors and its internationalization and de-internationalization follow a different logic (Burt et al. 2003; Jackson et al. 2005).

To date, the main research focus in the field of foreign retail divestment has been on identifying drivers that lead to market exits (e.g., Bianchi and Ostale 2006; Burt et al. 2002; Palmer and Quinn 2007). Authors have found retailers' foreign market exits to be driven by the industry, argued from an IO perspective, but also to be driven by firm-specific influences, i.e., their resources and the strategic management of their portfolio of international operations, argued from a CS perspective (Burt et al. 2018; Burt et al. 2003; Dawson 2001; Młody 2016; Wrigley and Currah 2003). Several authors have used an industry vs. firm perspective to classify foreign market exits (e.g., Burt et al. 2003; Mellahi et al. 2002; Swoboda and Schwarz 2006). While these efforts have contributed to the understanding of foreign market exits, they leave several research gaps.

One of these gaps is that previous retail divestment research has ignored the overarching, long-term divestment behavior of specific retail companies, i.e., the dynamics of retailers' foreign market exits over time and how their exits are connected. In their recent paper, Belderbos et al. (2021) urge authors to study foreign divestments not in isolation but under consideration of MNCs' broader subsidiary network strategies.

Burt et al. (2018) take a longitudinal perspective focused on one region. In their paper about the evolving dynamics of European grocery retail divestment in Eastern Asia, they examine market exits by European retailers over thirty years and find three broad phases of

foreign exits over time, characterized by strong influences on the level of the retail industry in Eastern Asia, and in the more recent phase, more related to corporate strategy considerations of the retailers. Other authors taking a longitudinal perspective focus on selecting prominent retailers and qualitatively investigating and describing several of their exits in depth (e.g., Alexander and Quinn 2002; McDermott 2012).

However, to the best of our knowledge, there has not yet been a systematic investigation of whether industry-level factors, explained from an IO perspective, or firm-level factors, explained from a CS perspective, are the primary drivers of the long-term strategic exit behavior of retail companies.

Our exploratory study seeks to investigate whether the long-term strategic exit behavior of retail companies is idiosyncratic or follows industry-wide common patterns. It is based on a multiple case study approach and takes a longitudinal perspective, investigating the foreign market exit behavior of the ten largest store-based retailers in the world over 16 years through content analysis (Krippendorff 2018; Schreier 2012) of a wide variety of publicly available contemporary documents from different perspectives and experts.

While one retailer has no international operations at all (The Kroger Company) and two retailers did not exit any foreign market in this period (Costco, Walgreens Boots Alliance), the remaining seven retailers together exited 43 foreign markets. Investigating all 43 of these exits in the context of the retailers' long-term internationalization behavior allows us to recognize whether a CS perspective or an IO perspective is more suitable to explain the overarching strategic exit behavior of retail companies. The study does not solely focus on market exit drivers but also considers other characteristics of the retailers' exit behavior, including the frequency of exits, the relevance of these exits for the company, and geographical patterns of the exited markets. This allows us to investigate the foreign divestments at different levels of analysis, including the firm, the host market, and the industry level.

Of course, it would be optimal to include all entries and exits of the retailers in the investigation to cover the internationalization process holistically. However, this study focuses on exits, because otherwise, a sufficient in-depth investigation of this phenomenon across many cases would not be possible. Given that International Business research in the past has rather one-sidedly focused on market entries (e.g., Santangelo and Meyer 2017; Tan and Sousa 2019), we think that a clear focus on the divestment side aligns with its relevance.

We find that market exits are, in most cases, not isolated divestment episodes, as past studies have often perceived them, but connected actions that are part of waves or epochs, shaping the market exit behavior of retailers. We contend the CS perspective to be most relevant in explaining foreign retail exit behavior since retailers' market exits are mostly influenced by firm-specific factors and can be explained from a resource-based view. However, we find a few common patterns across the retailers' market exit behavior that cannot be explained solely by the CS perspective. These patterns require a complementary IO perspective, though not with industry-wide developments but in relation to strategic groups within the industry.

The rest of this paper is structured as follows: The second section provides a theoretical overview regarding the IO and CS perspectives, divestment research in general, and retail divestment research in particular. In the third section, the research approach is introduced, including an overview of the dataset and the applied methodology. The fourth section provides a longitudinal case study of each of the seven retailers' exit behavior over time, followed by a systematic cross-case comparison of the seven retailers' exit behavior and a discussion thereof in section five. The paper ends with a conclusion, academic and practice-oriented contributions, limitations, and implications for future research.

5.2. Theory

This study aims to explain the long-term strategic foreign market exit behavior of retail companies over time. In the strategic management field, the main theoretical approaches used to explain long-term strategic behavior are the IO perspective and the CS perspective (Demirbag et al. 2011; Esho and Verhoef 2020; Hawawini et al. 2003; Porter 1991; Rumelt 1991; Schendel 1996; Sun et al. 2021). The IO perspective's central argument is that an industry's structural characteristics constrain its component firms' strategic behavior, which in turn leads to homogeneous strategic behavior of the firms in an industry (Hawawini et al. 2003; Porter 1980). In the CS perspective, the emphasis is on intra-industry heterogeneity. Rooted mainly in the resource-based view (RBV), this perspective proposes that heterogeneity in firms' resources is the basis of sustainable competitive advantage and that firms direct their strategic behavior towards optimal deployment and development of their idiosyncratic resource bases (Barney 1986; Esho and Verhoef 2020; Wernerfelt 1984). The international portfolios of firms and the specific characteristics of the international businesses within these portfolios (e.g., the financial performance of a business or the economic development of a host country where the business is located) are seen as resources that firms have developed over time and whose optimal use and constant optimization should be the objective of their strategies. Changes in the value of companies' resources can lead them to divest these resources. Thus, in the CS perspective, firm-level factors predominate in explaining companies' long-term strategic behavior, which in turn leads to heterogeneous strategic behavior of the firms in an industry. Most empirical studies on the relative importance of firm-level vs. industry-level influences on firm performance have shown firm-level factors to be more relevant (Bamiatzi et al. 2016; Esho and Verhoef 2020; McGahan and Porter 2002; Rumelt 1991; Sun et al. 2021).

Some authors suggest viewing the IO and CS perspectives as complementary rather than contradictory and recommend studying the interaction between industry-level factors and firm resources and strategy over time (Augier and Teece 2008; Vahlne and Johanson 2017), since "firms are genetically coded, but must adapt to disruptive environments" (Vahlne and Johanson 2017, p. 1089). Furthermore, several studies have found the relative influence of industry- vs. firm-level factors to vary significantly between different countries and different groups of firms

(i.e., strategic groups) (Esho and Verhoef 2020; Hawawini et al. 2003) and called for further investigation into this issue.

In IB research, a longitudinal perspective on internationalization is well established. The IP model (also called the Uppsala model) offers the dominant explanation of how firms expand internationally (Johanson and Vahlne 1977). As the authors who proposed this model state, "the most distinctive feature of the Uppsala model is the focus on process […] rather than on isolated investment decisions" (Vahlne and Johanson 2017, p. 1088). However, the IP model has been used with an almost sole focus on international expansion, i.e., the selection of new markets and increasing commitment to existing markets. The model has only recently been expanded to include divestment processes, with the acknowledgment that the commitment process includes "reconfiguring" (Vahlne and Johanson 2017, p. 1088). However, the IP model still emphasizes the increase of commitment, as Santangelo and Meyer (2017) find. They argue that the IP model still insufficiently explains reductions in foreign commitments and that it considers market exits only peripherally.

Seeking to describe internationalization processes in more detail, Kutschker et al. (1997) highlight that the timing and speed of specific changes are essential dimensions (see also Jiang et al. (2014)). In their "*three Es*" model, they differentiate between (1) international *evolution*, represented by daily occurring incremental processes taking place in subunits of the company and only very slowly and subtly changing its international expansion, (2) international *episodes*, which are parts of a firm's behavior that stand out and have significant effects on the internationalization of a company (e.g., market entries), and (3) international *epochs*, which include evolution and episodes and are characterized by a specific pattern (i.e., a common denominator) in the internationalization behavior for a specific time (e.g., series of market entries through acquisitions). The authors also mention that a change in senior management often initiates a new international epoch. Similarly, divestment research has shown that divestments are often triggered by management changes (e.g., Alexander and Quinn 2002; Cairns et al. 2010). In divestment research, any market exit could be categorized as an international episode because it changes the level of internationalization of a company. Beyond these episodes, however, there may be epochs of subsequent and connected market exits over a specific period. Vissak and Francioni (2013) mention that firms sometimes conduct several subsequent exits, and Bell et al. (2001) agree that firms may experience epochs of rapid internationalization but also periods of consolidation or even retrenchment. This longitudinal perspective on subsequent market exits has, nevertheless, not been sufficiently applied in divestment research.

Even though, as previously mentioned, research on international divestment still lags behind research on international entry and expansion, recent literature reviews (Arte and Larimo 2019; Schmid and Morschett 2020) have consolidated the existing body of knowledge on drivers of foreign divestment.

In the retail-specific literature, early studies provide insights into the volumes and patterns of retail divestment (e.g., Alexander et al. 2005; Burt et al. 2004; Godley and Fletcher 2001). The later emergence of qualitative case study research contributes to understandings of international retail divestment by investigating market exits of selected prominent retailers (Burt et al. 2008b). Most studies try to identify divestment drivers; many also attempt to classify retail divestments and identify the respective drivers of each class. Retail divestments are differentiated based on their tactical or strategic nature. While retailers sometimes exit certain foreign operations as a tactical response to the difficulties of these operations (e.g., poorly performing subsidiaries), they often use divestment as a strategic action, responding to a broader change of circumstances unrelated to the specific countries being exited (Alexander and Quinn 2002; Cairns et al. 2010). Cairns et al. (2010) differentiate between "positive restructuring", in which retailers re-allocate their resources when they observe changing conditions within the international marketplace, and "corporate crisis", where divestments are a result of difficulties at the corporate level that require retailers to refocus their resources to these issues. Studies of retailers' positive restructuring efforts have found that they tend to transfer resources from divested markets to their core markets, to markets in which they enjoy a stronger market position (Burt et al. 2002; Cairns et al. 2010; Coe and Wrigley 2017), or to markets with higher expected returns (Alexander et al. 2004; Berry 2010; Cairns et al. 2010; Palmer and Quinn 2007). As a response to corporate crises, retailers are found to divest foreign operations in order to free up resources which are then used to strengthen other parts of the business that are under pressure (Burt et al. 2002; Cairns et al. 2010; Coe and Wrigley 2017). Similarly, retailers often sell operations in foreign markets to generate liquidity for domestic operations (Burt et al. 2002; Cairns et al. 2008). All of these activities can be explained from a resource-based view.

Failure-related divestments can be divided into two categories: those triggered by drivers external to the company and those triggered by drivers internal to the company (Burt et al. 2002). Burt et al. (2003) propose a further subdivision. External drivers are divided into (1) market failure (for example, divestment triggered by unexpected negative macroeconomic or political changes in the host country) and (2) competitive failure (for example, divestment triggered by an unexpected incapacity to compete with local retailers). Internal drivers are divided into (3) organizational failure (for example, divestment triggered by a lack of fit between the retailer and the host-country operations) and (4) business failure (for example, divestment triggered by weak operations of the retailer in the home country). Burt et al. (2003) link external drivers to an IO perspective and argue that internal drivers are firm-specific.

Mellahi et al. (2002) and Swoboda and Schwarz (2006) differentiate between exits driven primarily by the internal environment and those driven primarily by the external environment and highlight that a mixture of internal and external factors often leads to divestment. Gersch and Franz (2018) follow a similar line of thought, categorizing divestment drivers into push factors (i.e., host-market factors driving retailers to divest, for example,

through harmful government regulations or aggressive competitive behavior) and pull factors (i.e., home market factors driving retailers to divest, for example, through stakeholder pressures asking for the re-allocation of resources).

Overall, retail-specific research into foreign market exit drivers has provided deep insights and valuable contributions, mostly in relation to specific market exits. However, one of the core questions of strategic management, namely the relative importance of industry-wide vs. firm-specific factors on a company's long-term strategic behavior, has not been investigated with respect to retailers' market exits. Although different categorizations of divestment drivers have been developed, there has been no systematic study of which drivers in which situations exert their influence via the idiosyncratic resource portfolio of the retailer, and can therefore best be explained from a CS perspective, and which drivers in which situations affect all retailers equally, and are, thus, best explained from an IO perspective. Furthermore, a longitudinal process perspective investigating the connection between several subsequent market exits of a retail company has been called for (e.g., Burt et al. 2018; Vissak and Francioni 2013), but rarely adopted. The relevance of firm-specific vs. industry-wide factors cannot be investigated through a single case study. A multiple case study approach is required because it is ultimately the investigation of several retailers that allows common patterns in retailers' long-term exit behavior to be identified; such patterns can indicate the impact of industry-wide influences on exit behavior.

5.3. Approach and Methodology

We take an exploratory multiple case study approach with a longitudinal perspective to investigate whether industry or corporate strategy considerations drive retailers' exit behavior over time. A longitudinal approach is necessary given the process-based nature of retailers' internationalization behavior (Kutschker et al. 1997; Santangelo and Meyer 2017). A qualitative approach, examining multiple cases in depth, is appropriate to answer "how" and "why" questions and is therefore frequently used in international business research (Ghauri 2004; Welch et al. 2011). Investigating multiple retailers simultaneously allows us to compare their exit behavior over the years in a cross-case analysis and assess similarities and differences among retailers on multiple dimensions.

5.3.1. Dataset Construction

To explore retailers' exit behavior over time, we looked at the ten largest store-based retailers globally, based on their 2018 total revenues according to Deloitte's GPR-Report 2020 (Deloitte 2020), and identified all of their market exits in the 16 years from 2005 to 2020. We used the 2020 Edge Retail Insight Database (formerly Planet Retail), which features detailed data on these retailers' revenues in all of their international operations, as a primary database to search for these exits. We decided to focus on market exits to investigate retailers' divestment behavior and exclude other forms of foreign retail divestment, such as reducing the number of

stores in a foreign market (Alexander and Quinn 2002; Burt et al. 2002). Following Burt et al. (2003, p. 359), we defined market exits as the "total withdrawal of a firm from an operational presence in a foreign market". We included exits in which a retailer ceased its operations in a country but retained an equity stake if the stake was a minority interest of below 20 percent, as this represents a financial investment rather than an active presence in this market. Entry mode reductions, e.g., from wholly-owned subsidiary to international joint venture, were not included.

Among the ten largest store-based retailers globally, we identified 43 market exits undertaken by seven retailers. Three retailers exited several markets each (22 exits by Carrefour; 10 by Tesco; 6 by Walmart). One retailer (Schwarz Group) exited two markets, and the remaining three retailers (Aldi; CVS Health Corporation; The Home Depot) exited only one market each. Two retailers (Costco; Walgreens Boots Alliance) did not exit any foreign markets in the investigated period, and one retailer (The Kroger Company) did not have international operations at all. We cross-checked our list of market exits with a range of additional sources (e.g., press articles, annual reports) to ensure that our dataset contained all exits of the ten largest store-based retailers globally in the given period.

5.3.2. Analysis of Exit Behavior and Cross-case Comparison

To understand these retailers' exit behavior over time, we analyzed our data in several phases, aggregating data and changing the level of analysis throughout the process, as suggested for qualitative case study research (Stake 2013; Yin 2017):

(1) In the first phase, which was necessary to obtain the basis for our longitudinal cross-case approach, we thoroughly investigated all 43 market exits of the seven retailers separately. To this end, we content analyzed (Krippendorff 2018; Schreier 2012) a range of international sources, including home- and host-country-based retail trade press, international retail trade press, retailers' corporate communications, market research reports, business biographies, retailers' websites, and annual reports, and consulted large public databases such as that published by the World Bank. Content analysis allows researchers to engage with and interpret their data and can be used in multiple ways (Schreier 2012). It has gained growing importance for analyses in management, international business research (Gaur and Kumar 2018), and strategic management (Osborne et al. 2001; Palmer et al. 1997). We coded the main drivers leading to each market exit based on 690 documents providing commentary on the reasons behind retailers' exit decisions. We used an inductive, data-driven coding approach to ensure that the drivers would emerge from the data during the analysis. The coding was completed with the help of the data analysis computer software package NVivo. When documents were in languages not spoken by the authors, we used the online translator services DeepL and Google Translate to translate them into English.[21] Two authors coded 150 documents to design an initial

[21] For those non-English statements that are quoted in this manuscript (in their English translation), we had colleagues or students apt in the foreign language back-translate our English statements to the original language

coding frame with drivers at an optimal level of differentiation, align their understanding of the drivers, and set decision rules for the coding. The main coding was then conducted separately by two authors. Following this step, we compared the coded drivers for each of the 43 market exits and discussed them with a third researcher, as suggested by Cornish et al. (2013). Percentages of agreement between the coders were high (90%) across all market exits, demonstrating high inter-coder reliability (Neuendorf 2017).

After a first coding round in which we coded all potential drivers influencing the market exit, we moved on to a second coding round in which we explored the overarching story of each exit to identify the main drivers that led to the exit and disregarded drivers that played an ancillary role. This resulted in 13 distinct primary drivers influencing the 43 market exits in our dataset. We grouped these drivers into the three categories proposed by Berry (2010) and Tan and Sousa (2020): (1) drivers at the parent-company level (e.g., parent strategic refocus on core markets), (2) drivers at the host-country level (e.g., competition in the host country), and (3) drivers at the subsidiary level (e.g., performance of the subsidiary). We built a full picture of each market exit, including, inter alia, the exits' temporal and spatial characteristics and the relevance of the exited operations within the retailer's overall operations (i.e., percentage of the retailer's overall sales). In the past, authors have pointed to the risk of overemphasizing the "official corporate line", which might favor positive rationales for divestment instead of illustrating the true nature of the actual events (Alexander et al. 2005; Gersch and Franz 2018; Palmer 2004; Palmer and Quinn 2007). We endeavored to eliminate this bias by considering non-company-authored documents (i.e., a large variety of press-related documents), including analyst views from leading trade press (e.g., The Grocer, Libre Service Actualités, Lebensmittelzeitung), and contacting analysts from commercial retail intelligence providers to comment on select market exits.

(2) In a second phase, we moved from a static perspective in which we examined each exit individually to a dynamic, longitudinal perspective, as researchers have recommended in the context of internationalization behavior investigations (Burt et al. 2018; Santangelo and Meyer 2017; Vahlne and Johanson 2017; Vissak and Francioni 2013). To develop a longitudinal case study for each retailer, we aggregated the findings on all market exits of a retailer along several dimensions to analyze each retailer's market exit behavior over time. These dimensions cover, amongst others, drivers and temporal and spatial patterns of the retailers' exit behavior and allow a deep understanding of the retailers' market exit behavior during the 16 years under observation. By positioning the market exit cases in their temporal context for each retailer, we found that some of these temporal contexts were connected and could be regarded as divestment "epochs" of the retailers (Kutschker et al. 1997), i.e., waves of divestments of this company.

to check if any losses in translation occurred (Marschan-Piekkari & Reis 2004). We adapted the translations where necessary.

(3) In a third and final phase, we conducted a cross-case analysis. We compared the seven retailers' exit behaviors along the different dimensions to identify differences and similarities among their behaviors over time. Looking for common patterns across the retailers allowed us to distinguish industry-level factors that influence all retailers in the industry homogeneously from corporate strategy factors that uniquely influence a single retailer's exit behavior.

5.4. Multiple Case Study Evidence

The 43 market exits of the seven retailers are illustrated in Table 5.1. Aggregating and contextualizing the findings on all of these market exits facilitated the development of a longitudinal case study for each retailer and the consideration of their market exit behavior over time.

5.4.1. Carrefour

In 2020, the French large-format grocery retailer was active in 37 international markets, one market more than in 2005. However, Carrefour has exhibited a constant string of market entries (23) and exits (22) between 2005 and 2020. This behavior results from a "trial and error" or "in and out" expansion strategy, which consists of the retailer entering foreign markets, seeking to expand and achieve leadership positions within a few years, and exiting if it fails to achieve this goal. Reflecting this strategy, the retailer exited eight countries less than five years after entry.

The exits of Carrefour are relatively evenly distributed across the 16-year period studied, with some years exhibiting peaks (i.e., 3 exits in 2005, 2010, 2012; 4 exits in 2017).

By withdrawing from Japan (2005), South Korea (2007), Thailand (2010), Malaysia (2012), Singapore (2012), and China (2018), Carrefour almost completely retreated from East and Southeast Asia. Indonesia is the only market in this region where the company is still active today. In China, Carrefour sold 80% of its business to Sunning Group and retained a 20% equity stake (Reuters 2019a). Carrefour also heavily reduced its presence in Eastern and Southeastern Europe between 2015 and 2017 as an unavoidable consequence of the bankruptcy of its exclusive franchise partner in this region, the Greek Marinopoulos Group (Kathimerini 2017).

Based on an examination of the main drivers for Carrefour's market exits over the years, which often acted together to prompt exits, Carrefour was strongly driven by its corporate strategy to divest those foreign operations in its portfolio that failed to achieve a competitive market position (driver in ten cases), faced strengthening competition (in six cases), or performed weakly (in eleven cases). In many cases, the retailer exited foreign countries to refocus on core markets where it already had strong market positions (in eight cases) or to invest the proceeds from the exit into restructuring efforts to turn group operations around (in four cases).

Table 5.1.: Overview on the Market Exits and Entries of the Seven Investigated Retailers Between 2005 and 2020

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Carrefour	**Exits**	**Czech Republic, Japan, Mexico**		**South Korea, Switzerland**		**Algeria**	**Portugal, Russia, Thailand**		**Colombia, Malaysia, Singapore**	**Syria**	**India**	**Albania**	**Macedonia**	**Bulgaria, Cyprus, Greece, Kazakhstan**	**China, Slovakia**		
	Entries		Algeria	French, Polynesia, Kuwait	Bahrain, Iran	Bulgaria, Morocco, Pakistan, Russia, Syria	India	Albania, Lebanon	Georgia, Irak, Macedonia			Algeria, Armenia, Côte d'Ivoire	Kazakhstan, Kenya			Uganda	Uzbekistan
Tesco	**Exits**	**Taiwan**					**France**		**Japan**	**United States**	**China**	**South Korea**	**Turkey**				**Malaysia, Thailand, Poland**
	Entries			United States	India											Spain	
Walmart	**Exits**		**Germany, South Korea**												**Brazil**		**Argentina, Japan, United Kingdom**
	Entries	Costa Rica, El Salvador, Guatemala, Honduras, Japan, Nicaragua				Chile India		Entry into 10 African Countries*	Lesotho			Kenya					
Schwarz Group	**Exits**				**Norway**												**Australia**
	Entries	Denmark	Bulgaria	Slovenia	Malta	Switzerland	Cyprus						Lithuania	United States	Serbia	Australia, Moldova	
Aldi	**Exits**						**Greece**										
	Entries	Slovenia, Switzerland	Portugal		Greece, Hungary, Poland										Italy	China	
CVS	**Exits**															**Brazil**	
	Entries									Brazil							
Home Depot	**Exits**								**China**								
	Entries		China														

* Botswana, Ghana, Malawi, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zambia

We observe several epochs of subsequent and connected market exits, characterized by specific patterns in the exit behavior during specific periods. Between 2005 and 2010, Carrefour thoroughly evaluated and optimized its international portfolio and exited eight markets to relocate resources from loss-making, unprofitable, or scale-lacking markets to more attractive markets where it already enjoyed strong market positions.

When exiting Switzerland, Carrefour also commented on this decision as being part of an epoch:

> *"This operation represents a further step in the Group's strategy of optimizing its assets and disposing of non-strategic or insufficiently profitable assets, enabling it to focus its efforts on the countries and regions offering the best profitability and the greatest growth potential"*[22] Carrefour Press Comment (L'OBS 2007)

The epoch was initiated by José Duran's arrival as CEO of the French retailer in 2005 (The Economist 2005) and continued by Lars Oloffson from 2009 onward (Financial Times 2010). However, Carrefour's performance continued to decrease (EDGE Retail Insight 2020) when hypermarkets began to struggle in Europe, mainly due to the increasing competitiveness of discounters, convenience formats, and a substantial increase in online shopping (Financial Times 2012). In 2012, Georges Plassat was appointed as Group CEO and initiated a three-year turnaround plan, beginning another epoch in Carrefour's exit history, with the primary objectives of generating cash through the sale of overseas operations, cutting debt, and financing essential investments at home (LSA 2012).

> *"The group is now established in some thirty countries. In some (France, Spain, Brazil, China and Poland), we are in pole position. In other areas, we have challenger positions that are of strategic value. But we no longer have the means to spread out."*[23] Georges Plassat, CEO of Carrefour (Le Monde 2012)

The three exits in 2012 (Colombia, Malaysia, Singapore) are part of this epoch, during which Carrefour needed nearly EUR 3 billion for their turnaround.

> *"The Group needed cash to bring its hypermarkets up to standard in its core markets, in France and Western Europe, where it could not afford to be weak."*[24] Jean-Noël Caussil, Retail Analyst (LSA 2012)

Between 2015 and 2018, Carrefour entered a new epoch of market exits, in which it was forced to leave six markets due to issues with its franchising partners, i.e., the exclusive franchisee Marinopoulos in Southeastern Europe and the exclusive franchisee Retail Value Stores in Slovakia.

[22; 23; 24] Translated from French

5.4.2. Tesco

In contrast to Carrefour, which increased its total number of foreign markets between 2005 and 2020, Tesco progressively reduced the number of foreign markets in its international portfolio by exiting ten foreign markets and entering only three new markets in the same period. Following years of aggressive international expansion championed by Terry Leahy, chief executive of the supermarket for 14 years until 2010, it has reduced its international activities to Ireland, a few markets in Eastern Europe (Czech Republic, Slovenia, Hungary), and India. Eight out of Tesco's ten market exits occurred between 2012 and 2020, with three exits in 2020 alone.

The retailer has completely withdrawn from Eastern and Southeastern Asia by exiting Taiwan (2005), Japan (2012), China (2014), South Korea (2015), Malaysia (2020), and Thailand (2020). It initially retained a 20 percent equity stake in its business in China but eventually sold this minority interest to its partner, the state-run China Resources Holdings, in 2020 (Reuters 2020).

Similar to Carrefour, Tesco strategically divested operations in its foreign market portfolio that were poorly performing (a driver in 6 cases), lacked the necessary scale to be competitive (in 4 cases), and were under pressure from increasing local competition (in 4 cases), allowing it to focus on core markets (in 4 cases) or to invest in a turnaround strategy at the corporate level (in 5 cases).

Tesco's five exits between 2012 and 2016 took place in the epoch initiated by the new CEO, Philip Clark, who was appointed in 2011. After a shock profit warning, Clark developed a turnaround plan, including a clear focus on foreign markets in which Tesco saw the potential to be either the market leader or in second place (The Guardian 2011). It exited from both the Seyiu business in Japan (2012) and the Fresh & Easy business in the USA (2013). Clark's turnaround plan, however, did not prove successful. Instead, the retailer suffered the most significant losses in its nearly 100-year history, heavy market share losses in the UK, mainly to discounters Aldi and Lidl, and an accounting scandal, followed by a seven-billion-pound write-down (The New York Times 2015). The epoch continued with the appointment of Dave Lewis as CEO to continue Tesco's turnaround attempt. The new CEO's main goals were, amongst others, to heavily reduce debt to obtain a better credit rating from Moody's and thus be able to refurbish the UK business without asking shareholders for a raise of capital (Reuters 2015; The New York Times 2015). The reduction of Tesco's debt was mainly accomplished through the sale of international operations; the retailer exited from China (2014), South Korea (2015), and Turkey (2016). The sale of Tesco's success story Home Plus in South Korea alone generated nearly GBP 4 billion to reduce debt (BBC 2015). Mr. Lewis commented on the exit:

> *"This sale realizes material value for shareholders and allows us to make significant progress on our strategic priority of protecting and strengthening our balance sheet."* Dave Lewis, CEO of Tesco (Tesco 2015)

5.4.3. Walmart

From 2005 to 2017, the world's largest retailer heavily expanded the number of foreign markets in its international portfolio (20 entries). Most of these entries were part of two large transactions: an investment in the Central American Retail Holding Co. in Latin America (2005) added five countries to the portfolio (Walmart 2005), and an investment in Massmart in Africa (2011) added a further 11 (Walmart 2010). During this period, Walmart also exited South Korea and Germany (both in 2006). More recently, starting around 2018, Walmart reduced the number of foreign markets in its international portfolio by exiting four markets and refocused its efforts on other business parts.

Walmart has abandoned its presence in Europe by exiting Germany (2006) and the UK (2020). It has also heavily reduced its presence in Eastern and Southeastern Asia by exiting South Korea (2006) and Japan (2020), continuing to be active only in China.

Walmart's six exits can all be attributed to two distinct epochs. First, the exits from both Germany and South Korea were driven by a lack of scale of the operations and the inability to compete against local incumbents (mainly due to Walmart's unadapted business model), resulting in heavy losses and eventually the divestment of these operations. They thus represent the epoch of Walmart's early international failures. This epoch might have had a long-term impact on Walmart, which entered foreign markets much more carefully from then on:

> *"It is a good, important lesson, a turning point. Germany was a good example of that naïvete. We literally bought the two chains and said, 'Hey, we are in Germany, isn't this great?'"* Beth Keck, International Spokeswoman for Wal-Mart (The New York Times 2006)

This epoch seems to have been a turning point indeed since it was followed by a long period of stability (or, at least, a period in which the firm experienced no market exits) on the international level.

The second epoch began twelve years later and was initiated by COO Judith McKenna (2018), who was, at the time, newly appointed to run Walmart's international business (MercoPress 2018). Compared to the domestic business, where Walmart posted a 7.5 percent operating profit margin, the international markets only generated a margin of 4.5 percent, despite USD 22 billion in capital investments in the preceding five years (Reuters 2016). The exits in this epoch are all part of a portfolio optimization strategy to remedy these issues. This strategy includes exiting from poorly performing or unattractive international markets, redirecting resources towards more attractive, high-potential international markets (e.g., India, China, South Africa), and investing in existing digital operations, as Walmart had been facing cost pressures and slow growth in its home market (Bloomberg 2020; CNN Business 2020).

> *"There's more work to be done on the portfolio. We've set priorities, focused on our North American core and key growth markets, including China and India."* Doug McMillon, CEO of Walmart (Financial Times 2018a)

Notably, in three out of the four exits in this epoch, Walmart retained a minority interest in its international businesses. The retailer kept a 20 percent equity stake in Brazil (Financial Times 2018b), a 15 percent equity stake in Japan (Walmart 2020a), and an undisclosed equity stake in the United Kingdom (Walmart 2020b).

5.4.4. Schwarz Group

The Schwarz Group, including both its hard discounter banner Lidl and its big-box discounter banner Kaufland, exhibited a slow but constant expansion of its international portfolio between 2005 and 2020, entering eleven new foreign markets and exiting only two markets: Norway in 2008 and Australia in 2020.

Lidl's exit from Norway was the retailer's first exit since it started to internationalize in 1989. The retail discounter's adventure in Norway was an apparent failure; over the years, it never reached even a few percentage points of the saturated market in the oligopolistically structured Norwegian retail industry (Dagbladet 2008). Lidl was rebuffed by the aggressive and coordinated reactions of competitors and the negative responses of third parties, including suppliers, authorities, and the local media (Lebensmittel Zeitung 2008).

Kaufland's exit from Australia is an unusual type of exit. After investing about half a billion USD into building up operations, Kaufland made a last-minute exit before even opening their first store (Handelsblatt 2020). The Australia project, existing in a hyper-competitive and concentrated retail market, would have tied up important resources for years, and Kaufland decided that it needed these resources to concentrate on its core European markets (i.e., Germany and Eastern Europe), where competition is strengthening, and the retail market is concentrating. Kaufland's revenue growth had slowed significantly in Germany, and an important acquisition opportunity in this market arose, requiring resources for the home market.

5.4.5. Aldi

Displaying internationalization behavior similar to that of its rival, the Schwarz Group, the German discounter Aldi has continuously increased the number of foreign markets in its international portfolio between 2005 and 2020. Over the years, it entered eight foreign markets and only exited one: Greece in 2010.

Aldi left Greece two years after entering the country. At present, this divestment remains the discounter's only exit. This decision was probably connected to a challenging business environment in the aftermath of the Greek economic crisis (Handelsblatt 2010). Aldi's operation in Greece was said to be loss-making, and its development had been slow. Changes at the management level also played a role, as a known opponent of the entry into Greece had been promoted to Aldi Süd's top management in 2010 (Lebensmittel Zeitung 2010a). The entry into Greece had been initiated under different managers who left Aldi Süd the year before the exit due to differing strategic views (Lebensmittel Zeitung 2010b). The retailer officially

explained the exit as driven by the desire to focus on its expansion in the other nine countries in which it operated at the time (Süddeutsche Zeitung 2010).

5.4.6. CVS Health Corporation (CVS Health Pharmacy)

The US-based retail pharmacy CVS entered its first and only foreign market, Brazil, in 2013. It exited this market six years later, in 2019. The business in Brazil had failed and was losing market share to its competitors. In the year before the exit, CVS had 51 stores in Brazil, while market leader Raia Drogasil had around 1,800 stores (Reuters 2019b). However, the Brazilian unit was insignificant for CVS, which in 2018 had revenues of around USD 200 billion (CVS Health Corporation 2018). Therefore, the company started offering the loss-making asset to potentially interested parties, including rivals and investment funds (Epoca Negocios 2019).

5.4.7. The Home Depot

The Home Depot, the largest home improvement retailer in the world, expanded its international portfolio with its entry into China in 2006. These foreign operations, the only ones outside Canada and Mexico, were divested in 2012. The retailer closed its stores in China after its business model, not suited to the Chinese market, generated years of heavy losses (The Wall Street Journal 2012), and the home improvement market in the country was hit by an economic slowdown, depressing property purchases and decreasing home improvement spending (Financial Times 2014).

5.5. Cross-case Analysis and Discussion

Table 5.2. offers a comparison of the seven retailers' exit behavior and shows differences and similarities among retailers' exit behavior over time. The main aim of the cross-case comparison was to identify common patterns across the retailers. Such common patterns can indicate industry-level factors, i.e., factors that influence all retailers in the industry homogeneously, and separate them from individual firm-level factors that exclusively influence specific retail companies.

Overall, the cross-case analysis reveals that the long-term exit behavior of the seven retailers (as illustrated in Table 5.2.) is idiosyncratic; it is heterogeneous in almost all of the analyzed dimensions. In fact, the exit behavior of the remaining two international retailers that did not exit any foreign markets in the investigated period (Costco; Walgreens Boots Alliance) is also idiosyncratic. As the case descriptions in the previous section reveal, retailers use exits very differently as a part of their overall internationalization strategies. For example, while Carrefour repeatedly entered and exited foreign markets in an "in-and-out" strategy, Aldi and Schwarz Group exited markets only as rare exceptions. While some retailers exited a few markets, which were insignificant in the context of their total group sales (e.g., Schwarz Group, Aldi, The Home Depot), others exited many international markets, which cumulatively represented significant parts of their overall sales (i.e., Carrefour, Tesco, Walmart). We also

find more differences than similarities with regard to temporal and spatial patterns in the exit behavior of these retail companies. With the exception of Eastern Asia, there are no obvious commonalities to the countries or regions the various retailers exited. In a few cases, several retailers exited the same countries or regions, but at very different points in time.

This idiosyncratic exit behavior can be explained through the CS perspective, in particular through the RBV. From this perspective, the country portfolio and all the businesses within it should be regarded as resources forming the base of a retailer's competitive advantage. The RBV defines strategy as the process of making the best possible use of the retailer's resources and fostering the potential for the future (Barney 1986; Esho and Verhoef 2020; Wernerfelt 1984). This strategic process requires constant optimization of the international portfolio.

We observe similar exit drivers for the different retailers over time. On the parent-firm level, exit drivers include "focusing on core markets" (a driver for five retailers) and "company turnaround" (for two retailers). On the subsidiary level, exit drivers include "poor performance" (for six retailers) and "scale issues" (for five retailers). On the host-country level, which would affect all retailers in this host country equally, exit drivers include "strengthening competition" (for four retailers) and "unfavorable macroeconomic changes" (for five retailers). However, the retailers' exit behavior in reaction to these influences is individual to the retailers and their idiosyncratic resource bases. In all of our exits, changes on the parent level, the subsidiary level, or the host-country level at specific points in time affected the retailers' firm-specific foreign market portfolios. Thus, these types of exits are a part of retailers' resource base reconfiguration: they divest resources that have a smaller relative value compared to other operations in the portfolio, for example, because a subsidiary is permanently loss-making or the retail industry in a host country has become more competitive, and focus on more valuable resources in their portfolios (e.g., core markets or the domestic market) or build up new high-potential resources (e.g., invest into new attractive markets).

Sometimes, market exits are triggered solely by issues at the parent-firm level. For example, Carrefour and Tesco both had exit epochs during which they sold successful foreign operations in attractive markets to invest these resources into a group turnaround (e.g., Carrefour sold its Colombian operations for EUR 2 billion, and Tesco sold its Thailand/Malaysia operations for GBP 10.6 billion).

Table 5.2.: Comparison of the Exit Behavior of the Seven Retailers Between 2005 and 2020

Dimension	Carrefour	Tesco	Walmart	Schwarz Group	Aldi	CVS	Home Depot
Number of exits	22 exits	10 exits	6 exits	2 exits	1 exit	1 exit	1 exit
Temporal patterns of exits	Regular distribution of exits between 2005 and 2020, with certain peak years (3 exits in 2005, 2010, 2012 and 4 exits in 2017).	Distribution of exits mainly from 2010 on. Only 1 exit until 2010, then regular exits until 2016, 3 exits in 2020.	Distribution of exits towards the beginning and the end of the period. Two exits in 2006, then no exits until 2018. 4 Exits between 2018 and 2020.	-	-	-	-
Spatial patterns of exits	*Almost fully exited from Eastern and South-Eastern Asia.* Asia 9 (Cent. Asia 1; East. Asia 3; South-East. Asia 3; South. Asia 1; West. Asia 1) Europe 10 (East. Europe 4; South. Europe 5; West. Europe 1) America 2 (Latin America 2) Africa 1 (North. Africa 1)	*Fully exited from Eastern and South Eastern Asia.* Asia 7 (East. Asia 4; South-East. Asia 2: West. Asia 1) Europe 2 (East. Europe 1; West. Europe 1) America 1 (North. America 1)	*Fully exited from Eastern and South Eastern Asia.* Asia 2 (East. Asia 2) Europe 2 (North. Europe 1; West. Europe 1) America 2 (Latin America 2)	*No pattern* Australia 1 Europe 1 (North. Europe 1)	*No pattern* Europe 1 (South. Europe 1)	*No pattern* America 1 (Latin America 1)	*No pattern* Asia 1 (East. Asia 1)
Exit epochs	*Epoch 1*: International portfolio refocus (5 exits; 2005-2010) *Epoch 2*: Group turnaround (3 exits; 2012) *Epoch 3:* Franchising failures (6 exits; 2015-2018)	*Epoch 1:* Group turnaround (5 exits; 2012-2016)	*Epoch 1:* Early international failures (2 exits; 2006) *Epoch 2:* International portfolio refocus (4 exits; 2018-ongoing)	-	-	-	-
Main exit drivers (in brackets: number of exits in which the driver was relevant)	*Parent level:* • focus on core markets (8) • restructuring driven by issues on the firm level (4) *Subsidiary level:* • losses or decreasing subsidiary performance (11) • insufficient scale (10) • failure of subsidiary franchising partner (6) *Host-country level:* • strengthening competition (6) • macroeconomic downturn (2)	*Parent level:* • restructuring driven by issues on the firm level (5) • focus on core markets (4) *Subsidiary level:* • losses or decreasing subsidiary performance (6) • insufficient scale (4) *Host-country level:* • strengthening competition (4) • macroeconomic downturn (2) • stagnating/shrinking market (2)	*Parent level:* • focus on core markets (4) • focus on more attractive markets (3) *Subsidiary level:* • losses or decreasing subsidiary performance (4) • insufficient scale (3) *Host-country level:* • strengthening competition (5) • macroeconomic downturn (2) • harmful political developments (2)	*Parent level:* • focus on core markets (1) • focus on more attractive markets (1) *Subsidiary level:* • insufficient scale (1) *Host-country level:* • strengthening and very aggressive competition (2) • harming behavior of suppliers and authorities (1)	*Parent level:* • focus on core markets (1) *Subsidiary level:* • losses (1) *Host-country level::* • macroeconomic downturn (1)	*Subsidiary level:* • insufficient scale (1) • losses (1) *Host-country level:* • strong regulations in industry (1)	*Subsidiary level:* • losses (1) *Host-country level:* • macroeconomic downturn (1) • stagnating market (1)
Importance of exited operations **Exited sales** **Avg. total sales p.a. (2005-2020)** **Part of total sales**	< 1 %: 17 exits 1-3%: 3 exits > 3%: 1 exit $14.8bn (excl. Algeria) $112bn 13.2%	< 1 %:4 exits 1-3%: 4 exits > 3%: 2 exits $21.8bn (excl. France) $90.5bn 24%	< 1 %: 3 exits 1-3%: 2 exits > 3%: 1 exit $44.8bn $457.9bn 9.7%	< 1 %: 2 exits 1-3%: no > 3%: no $184m $93.2bn 0.2%	< 1 %: 1 exit 1-3%: no > 3%: no $175m $81.1bn 0.2%	< 1 %: 1 exit 1-3%: no > 3%: no $112m $66.3bn 0.16%	< 1 %: 1 exit 1-3%: no > 3%: no $172m $86bn 0.2%
Exits with retaining equity stake	• China 2018: retains 20% equity stake	• China 2014: retains 20% equity stake (sold in 2020)	• Brazil 2018: retains 20% equity stake • United Kingdom 2020: retains undisclosed equity stake • Japan 2020: retains 15% equity stake	-	-	-	-

This confirms the importance of so-called "corporate crisis" divestment, which has been highlighted by researchers in the past (Burt et al. 2002; Cairns et al. 2008; Cairns et al. 2010). This idiosyncratic corporate situation can again be explained from the resource-based perspective, as it relates to the choice to reconfigure resources by exiting foreign country markets to maintain the value of other, potentially more valuable resources, in this case, domestic operations.

However, while the cases indicate that the retailers' overarching exit behavior is strongly driven by their firm-specific resources and strategic considerations and is consequently heterogeneous, we also identify several common patterns in retailers' exit behavior that warrant discussion.

First, in the observed period, more than one-third of all the seven retailers' market exits occurred in *Eastern Asia*. Four (Western) retailers have completely withdrawn from Eastern Asia (i.e., Carrefour; Tesco; Walmart; The Home Depot). This wave of exits from Eastern Asia has already been highlighted by Burt et al. (2018). In line with their findings, we find market exits from this region to be strongly driven by influences inside the region itself, such as strengthening local competition and other forms of local resistance to foreign retailers, and by institutional issues (e.g., government re-regulation). Many large global retailers entered this high-potential region almost simultaneously three decades ago. Our cross-case analysis and the findings of Burt et al. (2018) both demonstrate that retailers showed similar exit behaviors by exiting the challenging retail industry in this region. This common pattern indicates that, for specific regions, industry-wide influences are important to explain retailers' exit behavior. This behavior can be explained from an IO perspective. It is noteworthy that, while the strategic management literature has emphasized the dominant role of firm-specific factors, it has also found that industry effects are more relevant in developing and emerging market countries than in developed countries (Esho and Verhoef 2020). Our study comes to the same conclusion for retail companies' foreign market exits.

Second, we found the *discounters* in our sample (i.e., Aldi; Schwarz Group) to exhibit a homogeneous exit behavior. The discount retailers operate smaller stores than the large-format grocery retailers (even the Schwarz Group's banner Kaufland has relatively small stores), and they pursue an aggressive low-price strategy. In most countries, this concept has been embraced by the local population (Cleeren et al. 2010). Furthermore, these discounters have found niches by filling gaps in retail catchment areas left untapped by other retailers. The discount retailers in our dataset expanded their international portfolios slowly (see Figure 5.1.). Their expansion closely followed the gradual expansion path proposed in the Uppsala model, leading to relatively low risk (Johanson and Vahlne 1977). For the successful discounters, market exits were an exception. This common pattern cannot be explained directly from an industry perspective. However, the IO approach includes the concept of strategic groups, which classifies firms based on dimensions of competition. Strategic groups form when firms within an industry have similar business models or follow similar strategies and are specialized to

serve niches of customers rather than competing head-to-head with competitors that appear to be in the same industry (Caves and Porter 1977; Hawawini et al. 2003; Porter 1980). Discounters represent such a strategic group. While we did not find general industry pressures to have a uniform effect on all retailers, these findings show that retailers within the same strategic group, and therefore the same sub-industry, are uniformly affected by pressures within this very sub-industry. In this respect, the strategic groups perspective rests between a CS perspective, which assumes that every company acts based on its firm-specific situation, and an IO perspective, which assumes that all companies in an industry will act in the same way.

Figure 5.1.: Total Number of International Markets per Retailer from 2004-2020

Third, we found the three *large-format grocery retailers* (Carrefour; Tesco; Walmart) to exhibit similar exit behaviors across several dimensions. In the last 16 years, these retailers exited many foreign markets. As shown in Figure 5.1., they followed different internationalization paths than the discounters and demonstrated how globalization can also go in reverse. Tesco exited more countries than it entered, while Carrefour has been holding its portfolio stable by continually entering and exiting countries. Finally, Walmart entered more countries than it exited, but only because it entered many (often small) countries simultaneously in the context of its South American and African acquisitions. Large-format grocery retailers represent a strategic group in the global retail industry. The retailers in this strategic group displayed similar expansion behaviors in the 1990s and 2000s. Under pressure in their core markets and assuming that international expansion would be rewarded "in the long term", they intended to plant flags in a vast number of markets around the world. In the last decade, this strategic group has come under intense pressure for different reasons. In many foreign markets, they faced increasing competition from other global players and rising numbers of local competitors. Simultaneously, the increasing success of discounters and the trend in customers'

buying behavior away from large-format stores to smaller formats such as convenience stores put additional pressure on these retailers, not only in foreign markets but also in their domestic markets (Van Heerde et al. 2008). Consequently, these large-format grocery retailers have all been behaving similarly: realizing that they cannot be successful everywhere, they have optimized their country portfolios and channeled their investment and resources into their core markets, i.e., the home market and the markets in which they already held strong positions. As in the case of the discounters, the similar behaviors of the retailers within this strategic group support the IO perspective on foreign market exits. Above, we pointed to discounters facing similar, mostly favorable, sub-industry pressures. In contrast, the strategic group of large-format grocery retailers faces mostly negative sub-industry pressures, leading them to exit significant parts of their international operations. However, the question of *how* these large-format grocery retailers de-internationalize over the years, including their exits' spatial and temporal distribution, is still firm-specific and related to the retailers' specific portfolios and strategies. While Tesco and Carrefour's exits are evenly distributed across the analyzed period, Walmart exited two large markets in 2006 and only recently began to exit markets again. As mentioned earlier, this distribution might be explained by the large-scale failures connected to Walmart's early exits, leading to more cautious expansion behavior and a more extended period without exits.

Fourth, we observed a new common pattern in retailers' exit behavior, namely the emergence of partial exits. This phenomenon has occurred in recent years within the strategic group of the *large-format grocery retailers*. In these cases, the retailers cease operations in the foreign country but retain an equity stake in the sold unit. Carrefour, in 2018, and Tesco, in 2014, each retained a 20 percent minority interest when they sold their Chinese operations. Walmart kept minority interests in almost all of its recent market exits (i.e., 20 percent in Brazil in 2018; 15 percent in Japan, and an undisclosed percent in the United Kingdom, both in 2020). In most cases, like in Walmart's exit from Japan, this entailed keeping one or several seats on the supervisory board of the respective operations and continuing a commercial relationship:

> *"We have been proud investors in this business over the past 18 years, and we are excited about its future under the new ownership structure. […] We look forward to supporting Seiyu's growth and success, alongside KKR and Rakuten, as a minority investor."* Judith McKenna, President and CEO of Walmart International (CSA 2020)

Maintaining an equity stake is a relatively recent pattern. It is connected to retailers' exits from large and promising host countries (e.g., China, Brazil, United Kingdom), in which they have failed to achieve resounding success and therefore seek to divest – a decision often triggered by their core business requiring a stronger focus. However, these retailers do not want to be excluded entirely from potential profits and ultimately consider it risky to cut ties with these high-potential markets completely, as this might make it impossible to return to them in

the future. Additionally, continuing commercial relationships with partners in former host countries allows retailers to stay connected to the market and its developments and learn how to conduct business in these locations successfully. While this pattern is, as mentioned, still recent, it seems to have been gaining in popularity for global retailers that cannot focus on too many international markets simultaneously but wish to remain close to those markets and to secure access to them in the future. In relation to Walmart keeping a minority interest and a board seat in the UK business, Judith McKenna commented:

> *"We are starting to crack the way you do this, which is the flexibility of how you structure ownership in each market. I think that is really the trick with international retailing."* Judith McKenna, President and CEO of Walmart International (Financial Times 2020)

Theoretically, this recent pattern can be explained by the real options theory. Real options can be seen as "rights" to take specific future action at some cost concerning tangible or intangible assets (e.g., expansion or divestment of a production facility) (Belderbos and Zou 2009; Chi et al. 2019; Chung et al. 2013b; Kogut 1991). In times of uncertainty, real options allow decision-makers time to gather new information about an asset's value and take action only if this action will be beneficial (Chi et al. 2019; Trigeorgis 1996). The real options perspective has been prominently used in IB research, primarily in the context of international expansion, to explain, for example, the timing and scale of market entries or entry modes (e.g., Fisch and Zschoche 2011; Rivoli and Salorio 1996; Xu et al. 2010). The partial exits described above can be regarded as real options for the retailers, allowing them to "keep a foot in the door" and determine their future actions regarding these options. Retailers might later decide to fully divest their real options by selling their equity (as in the case of Tesco in China), maintain their minority interest in the host countries to profit financially from the success of their business partners, or even activate their real options by re-acquiring a majority interest in the business and once again building up an operational presence. In the strategic management field, Moschieri and Mair (2011) noted a pattern of manufacturers divesting domestic units but retaining a minority interest and re-acquiring them later. In the general foreign divestment field, authors used the real options perspective to explain why some manufacturing subsidiaries are more likely to get divested than others (Belderbos and Zou 2009; Chung et al. 2013a). However, to date, existing research on divestment has not yet applied the real options theory to this relatively novel approach of securing real options while exiting a market.

5.6. Conclusion

This paper began with the premise that foreign divestments cannot be studied in isolation but need to be looked at as a part of processes that develop within firms over time. By taking a longitudinal approach and investigating the exit behavior of the ten largest store-based retailers globally over time, we follow researchers' calls to take a process perspective and consider divestments as part of firms' long-term strategy (Burt et al. 2018; Schmid and

Morschett 2020; Vissak and Francioni 2013) and study divestments through a portfolio perspective.

Our paper contributes to the literature in several ways. First, based on a longitudinal cross-case analysis, we describe, explain and compare the long-term foreign divestment behavior of the world's ten largest store-based retailers between 2005 and 2020. We show that retailers were highly heterogeneous in their market exit behavior over these 16 years.

Second, we show that this heterogeneity comes from retailers' exit behavior being firm-specific and related to their idiosyncratic resource bases: in all of the exit cases, changes on the parent level, the subsidiary level, or the host-country level at specific points in time affected the retailers' firm-specific country portfolios and, thus, their resources. Retailers continuously evaluate these portfolios and divest from countries if this improved the value of their resource base. These findings are in line with arguments in general international divestment research, which has previously highlighted the importance of the portfolio perspective for divestment (e.g., Benito 2005; Młody 2016; Schmid and Morschett 2020). International portfolios and the changes affecting those portfolios' assets are specific to each retailer, leading to high intra-industry heterogeneity in retailers' exit behavior.

Third, we contribute to strategic management theory by extending it to foreign divestment. We analyzed one of the core questions in strategic management, that of whether the long-term strategic behavior of companies can be explained from an IO perspective or from a CS perspective, with regard to retail market exits, and we provided first answers. We contend that the CS perspective explains most of the exit behavior seen since the retailers' market exit behavior is mostly firm-specific, and almost everything in the retailers' exit behavior can be explained from a resource-based view. This dominant role of the CS perspective has previously been found in the general strategic management field (cf. Esho and Verhoef 2020), but this study is the first to demonstrate its relevance for the foreign divestment field. In contrast to the CS perspective, the IO perspective's central argument is that an industry's structural characteristics constrain its component firms' strategic behavior (Hawawini et al. 2003; Porter 1980). From this perspective, we would expect all large global retailers in our dataset to be uniformly affected by and react to external changes and, thus, follow a similar exit behavior over time (e.g., show more exits during the same period; exit from the same regions simultaneously). However, our findings show that this is not the case. Still, our study contributes to the literature by identifying common patterns in exit behavior across retailers, indicating that the IO perspective cannot be entirely disregarded when explaining foreign retail divestment. Three specific patterns emerge from our findings which are best explained through an IO view: A first common pattern is found in retailers' similar exit behaviors in East Asia. This behavior highlights substantial regional pressures in the retail industry and confirms the higher explanatory power of the IO perspective in developing markets (Esho and Verhoef 2020). Two other common patterns describe the exit behaviors of retailers within two strategic groups, i.e., the large-format grocery retailers and the discounters, exhibiting similar exit

behaviors. While the large-format grocery retailers predominantly used market exits to downsize their over-diversified foreign market portfolios to strengthen their competitive position, discounters have been slowly but continually expanding their portfolios and only exiting a few markets. These common patterns within the strategic groups demonstrate the importance of industry-level factors and the IO perspective's relevance to explain retailers' strategic behavior in this case (Esho and Verhoef 2020; Hawawini et al. 2003). Another, newly emerging common pattern refers to large-format grocery retailers who have recently been retaining equity stakes when exiting from high-potential markets. This exit behavior can be explained by the real-options theory from the strategic management field (Belderbos and Zou 2009; Chi et al. 2019; Kogut 1991). We contribute to the literature by applying this theoretical lens to partial retail exits, showing how it can provide relevant explanations to this recent but increasingly prominent form of market exit.

Fourth, we were able to demonstrate that the exits of retail companies are often connected and part of epochs. This has been recognized in internationalization research on market expansion (Bell et al. 2001; Kutschker et al. 1997). We contribute to the literature by showing that the phenomenon of epochs also applies to the divestment field. We also find that changes at top management levels, most often new CEOs, play a crucial role in triggering and stimulating such divestment epochs. The impact of top-management changes has been previously acknowledged to be a precipitating factor in triggering divestments. A combined future focus on these two findings could contribute to a better understanding of this phenomenon.

5.6.1. Limitations

The findings of this study must be considered in the context of some limitations. While a qualitative approach was considered appropriate to investigate firm internationalization over time (e.g., Santangelo and Meyer 2017; Vahlne and Johanson 2017), this approach includes inherent limitations concerning the generalizability of findings, counterexamples, and issues of rigor (e.g., Sinkovics et al. 2008; Wood et al. 2016). Analytical generalizations drawn from case study research, no matter how rigorous the methodology, deserve caution. However, basing the findings on all 43 market exits of the ten largest store-based retailers globally over 16 years reduces these issues, especially since the study is explorative and makes no claims of generalizability.

We restrict our investigation to the ten largest global retailers for two reasons: first, this is an objective selection criterion, and second, it is not possible to investigate more retailers in such depth because of challenges of scope. However, the research field would benefit from future studies that examine other retailers' foreign exit behavior – first, to confirm if the findings of this explorative study hold (i.e., that other retailers' market exit behavior is also influenced, to a large extent, by their resources and corporate strategy considerations), and second, to search for other similar patterns across the industry.

The study describes and explains retailers' exit behavior but does not study the positive or negative consequences of foreign divestments, which has been called for in the literature (Bernini et al. 2016). For example, we did not investigate divestments' effects on the retailers' performance (e.g., overall financial performance, international performance). Thus, this study does not make any prescriptive nor predictive claims regarding the success of the retailers' exit behavior. For example, it does not show which kind of exit behavior increases or decreases the retailers' performance. Instead, we provide what is essentially a description of "what" retailers have been doing and "how" they are doing this instead of what they have "succeeded in doing".

Our qualitative content analysis is grounded in secondary data and does not involve interviews with the company actors responsible for the exit decisions or people close to them. While we believe that by examining large and public retailers and consulting a large number of heterogeneous sources and expert opinions, we were able to capture an accurate portrayal of the market exit behavior of retailers over time, the use of interviews would permit a more extensive triangulation of sources and ensure a higher degree of validity.

5.6.2. Implications for Further Research

While our study is subject to the limitations discussed above, it offers several future research implications.

To date, most quantitative studies on drivers of foreign subsidiary divestment do not consider the nested structure of their datasets (Arte and Larimo 2019; Schmid and Morschett 2020). Taking the perspective of retailers and looking at their overall market exit behavior has highlighted the connectedness of different divestment episodes, especially regarding their parent-level drivers. In the future, we recommend considering this approach not only in qualitative research but also quantitative research, through, for example, the use of multilevel modeling (Peterson et al. 2012).

Our findings show the relevance of the CS vs. IO discussion to understanding companies' behavior, both within and outside the strategic management field. The resource-based view and corporate strategy considerations have been found especially relevant to explain divestment. When investigating divestment drivers, researchers must differentiate between the driver itself (e.g., macroeconomic downturn, as an industry pressure) and the idiosyncratic effect this driver eventually has on the divestment decision of a retailer, which is, in most cases, related to its specific resources at that moment in time. In our view, this distinction would be a considerable step forward in better understanding the rationales behind divestment drivers.

We focused on the exit history of retail companies and considered the entry history only as complementary information. However, taking a truly comprehensive longitudinal perspective, as is often demanded in IB literature (Burt et al. 2018; Kutschker et al. 1997; Santangelo and Meyer 2017; Vissak and Francioni 2013), and investigating companies' entries and exits and their inter-connectedness over time would give a more complete understanding

of the overall internationalization process than the many studies that focus merely on expansion or the few studies (including this one) that focus on foreign market exits.

As previously mentioned, this study did not focus on foreign divestment outcomes. In general, foreign divestment outcomes have only been addressed in a limited manner in foreign divestment research, and the few studies investigating this aspect are centered on financial or capital market indicators, such as stock market reactions to foreign divestments. However, foreign divestments are likely to have significant and long-term consequences on MNCs' strategic behavior (e.g., divestments' effects on MNCs' competitiveness, performance, and internationalization strategy). While we find the market exit behavior of certain retailers to change over time, we could not link these changes to experiential learning. However, firms' international experience has been shown to affect foreign divestment in large-scale explanatory studies (e.g., Benito 1997; Song 2015), and firms' have been shown to learn both from international success and failure (Lee et al. 2020). More research is needed to thoroughly explore the consequences and learning from foreign divestments.

This study showed retailers using partial exits as real options. However, the fact that this is a relatively recent phenomenon does not allow us to see its outcomes. In the future, we recommend that researchers monitor this phenomenon to explore how retailers use these real options, i.e., if retailers decide to fully divest their real options, maintain their minority interest in the host countries, or even activate their real options and build up an operational presence in the exited markets once again.

None of the retailers in our multiple case studies re-entered one of the 43 markets that they exited. However, re-entry can also be regarded as an outcome of foreign divestment. There are only a few studies exploring this interesting phenomenon in the internationalization process of companies to date (Chen et al. 2019; Javalgi et al. 2011; Surdu et al. 2019), and there is still much room for further research.

5.6.3. Managerial Implications

This study also provides implications for retail managers who can learn from other retailers' foreign market exit behavior (Ajai 2015; Alexander et al. 2005; Palmer 2004). Our findings can help managers understand that foreign market exits should not be viewed as negative and or as a failure, as they often are (Burt et al. 2008b; Cairns et al. 2008), but rather as a viable strategic lever within the constant optimization efforts related to their foreign markets portfolios. These portfolios represent essential resources that assure their long-term competitive advantage (Barney 1986; Esho and Verhoef 2020). A failure-related attitude of managers towards foreign divestments could result in a reluctance to divest foreign operations, which, in turn, could result in a sub-optimal foreign market portfolio. We suggest that managers avoid this by viewing market exits not as a sign of entrepreneurial weakness and a confession of failure but as an essential part of their internationalization paths and an indication that the company and its resources are being proactively managed.

We found that changes in the retailers' top management triggered much-needed market exit epochs. In several cases, the former management represented a barrier to such divestments. Research has related such barriers to managerial pride and fear of job-related consequences in the past (Nargundkar et al. 1996; Torneden 1975). However, they might also be related to retail managers' difficulty in objectively assessing their foreign markets' actual value and potential value and, consequently, their inability to make optimal strategic decisions regarding their portfolios. We suggest that retail managers invest significant effort and resources into a systematic and constant evaluation of their international market portfolios.

It may be wise for retail managers to consider in advance, when entering foreign markets, that foreign operations might need to be divested in the future to optimize the retailers' resources. For example, it may be preferable to enter a foreign market in a way that will minimize future barriers to divestment, for example, by choosing appropriate entry modes.

Finally, the real-options perspective implies that retail managers, when exiting countries, need to consider the possibility that some of these countries might become attractive for them again in the future. However, these markets could no longer be accessible in the event of a complete exit. Therefore, they might consider retaining a minority interest in their sold foreign units, providing them with a real option to return later on.

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6. Conclusions

6.1. Main Findings and Contributions

This thesis includes three separate studies on foreign divestment. Table 6.1. offers an overview of the underlying research gap(s), the derived research questions, the conclusions, and the contributions for each of the three studies.

Study 1 is a meta-analytic study of the drivers of foreign subsidiary divestment. Meta-analysis is appropriate when a research field reaches a certain degree of maturity and when existing research provides sufficient empirical evidence on relationships of interest (Hedges and Olkin 1985; Lipsey and Wilson 2001). This was the situation in the foreign subsidiary divestment field in the year 2017. Since the early 2000s, studies had been investigating the effects of numerous drivers on foreign subsidiary divestment. As shown in the vote counting in section 2.1.2.1., studies produced inconsistent findings for many drivers. Study 1 addresses this inconsistency by (1) increasing the statistical power for primary effects and for subgroups, (2) improving estimates of the sizes of each driver's effects, and (3) resolving uncertainty when reported results in the existing literature disagree. Systematically reviewing the full body of literature in the field also uncovered important research gaps and provided many implications for further research.

Study 2 is an embedded single case study that investigates drivers leading to retailers' market exits. It explores combinations of foreign divestment drivers rather than focusing on the effects of single drivers, thus answering calls from various authors to take such a perspective. The in-depth study of all 32 market exits of the 50 largest grocery retailers in Europe between 2014 and 2018 lies at the intersection of dataset-based research and case-study research. Taking this approach has several advantages: first, it answers researchers' calls to not repeatedly focus on prominent market exits of the same retailers but to open the scope of analysis to a broader array of exit cases. Second, investigating 32 market exits and viewing them in relation to one another produces conclusions that go beyond the description of one or a small number of market exits and recognizes larger patterns. In this case, these patterns represent archetypes of exit driver combinations. The typology presented contributes to the theory in the field. In contrast to large-scale quantitative studies, which investigate a large number of foreign divestments without considering the multilevel nature of their data, the qualitative approach in Study 2 connects multiple divestments to the same parent companies or the same host countries and thus considers this multi-level context.

Study 3 are multiple case studies that explore and compare the long-term foreign divestment behavior of retailers. Compared to Study 2, the analysis is at the level of the retailers and not the market exits.

Table 6.1.: Overview of Research Gaps, Research Questions, Conclusions and Contributions of the Three Studies

Study	Underlying Research Gap	Research Questions	Conclusions	Contributions

Study 1	• Lack of empirical consolidation in the field
	  ○ inconsistent results for many drivers' effects
	• Lack of theoretical consolidation in the field
	  ○ inconsistent theoretical discussions about the effect of certain drivers
	  ○ no systematic use of management theories to explain effects
		• Do frequently investigated drivers at the parent-, subsidiary-, and host-country levels have a significant effect on foreign subsidiary divestment (i.e., is the overall effect significant)?
		• For the drivers that have a significant effect, is the direction of their effect negative or positive?
		• Do study-level moderators (i.e., the operationalization of the drivers) affect the results for the drivers?
			• Only 18 drivers can be empirically investigated because many drivers are only rarely investigated in primary studies and/or primary studies do not include the necessary statistical information to be included in an empirical synthesis
			• Ten out of the 18 meta-analyzed drivers significantly affect foreign divestment; for eight drivers, even though there is a large number of studies investigating them, there are no conclusive (significant) results
			• Of the significant drivers, seven have a negative effect and three a positive effect on foreign divestment
			• Subsidiary-level drivers are more relevant to explain foreign divestment than parent-firm and host-country-level drivers
			• The operationalization of drivers moderates the findings for several drivers
				• Detailed descriptive picture of the research on foreign divestment drivers
				• Extensive theoretical discussion for each of the 18 drivers
				• Meta-analytic integration of results from 45 studies: calculation of mean effect sizes for 18 drivers
				• Preliminary suggestions regarding explanatory power of management theories
				• Extensive suggestions for further research based on research gaps identified in the review

Study 2	• Studies typically investigate drivers in isolation from one another; lack of studies on combinations of foreign divestment drivers • Most studies investigate prominent market failures of the same retailers; lack of studies investigating multiple foreign divestments	• Do host-country-level, parent-level and subsidiary-level drivers interact to affect foreign exit decisions? • Can reoccurring combinations of divestment drivers that lead to foreign divestment be identified?	• Market exits are typically driven by a combination of drivers at the subsidiary, host-country, and parent-company level • Re-occurring exit driver combinations can be clustered into five distinct archetypes of driver combinations • Some archetypes appear more frequently than others • Existing typologies lack multidimensionality and are insufficient to fully describe foreign divestments	• Focus on combinations of drivers instead of focus on single drivers • Preliminary evidence for the relevance of the configurational approach for a better understanding of foreign divestment • Concept of foreign divestment driver archetypes represents first multidimensional way of classifying combinations of foreign divestment drivers
Study 3	• Lack of studies taking a long-term perspective on foreign retail divestments at the level of the parent firm • No systematic investigation of the role of firm-level factors and industry-level factors in influencing the foreign divestment behavior of companies	• Is the long-term foreign divestment behavior of retailers characterized by independent divestment episodes or are these episodes somehow connected? • Is the long-term foreign divestment behavior of retailers driven by industry-level factors, influencing all retailers in the industry homogeneously, or firm-level factors, uniquely influencing a single retailer's exit behavior?	• Market exits of retailers are often connected and part of epochs • Dominance of the CS-perspective: Retailers' exit behavior is mostly firm-specific and related to their idiosyncratic resource bases • Complementary relevance of the IO-perspective: common patterns across the retailers' market exit behavior show importance of the industry (i.e., strategic groups within the industry)	• Longitudinal investigation of foreign divestment • Application of IO vs. CS perspectives to the long-term strategic divestment behavior of companies • Application of the real options theory to recent and increasing phenomenon of partial retail exits

Investigating and comparing the different retailers' exit behaviors over 16 years and considering market exits not as single events but in relation to one another enabled the investigation of how drivers (and combinations thereof) vary over time within different companies. This study finds that the most important factors driving foreign divestment are the overall strategic opportunities and the resource base of the parent firm. These findings stress the need for divestments to be investigated in the same way as foreign investments are, i.e., as incremental decisions related to the specific foreign market portfolios of MNCs and to the strategic optimization of their global locational profiles. Study 3's finding of a high relevance of firm-level drivers is somewhat in conflict with the findings of Study 1, which suggests that subsidiary-level drivers are more relevant than firm-level drivers. However, the lack of evidence for firm-level drivers in the meta-analysis of Study 1 might be explained by the fact that the included large-scale quantitative studies primarily investigate general and static firm-level characteristics that may be less relevant to explain foreign divestment than the corporate strategy considerations found in Study 3.

The following are the main conclusions from the three studies of this thesis:

- Foreign divestments are driven by a multitude of drivers at the level of the subsidiary, the parent firm, and the host country. However, only a few of the drivers investigated in extant literature could be statistically confirmed *(Studies 1, 2, and 3).*
- In most cases, foreign divestments are triggered by a combination of multiple interrelated drivers simultaneously *(Studies 2 and 3).*
- Firm-level strategy and firm resources are important drivers of MNCs' foreign divestments and lead to a high level of heterogeneity in the long-term divestment behaviors of different retailers. Industry-level factors play a subordinate role but explain certain common patterns in long-term divestment behavior across retailers *(Studies 2 and 3).*

6.2. Limitations

This thesis has several limitations, which need to be considered.[25] First, the thesis only partially addresses the research gap concerning the lack of strategy-focused studies in the field. While Study 1 confirms the lack of studies investigating strategic drivers, it cannot synthesize the effects of such drivers because of insufficient statistical evidence. Studies 2 and 3 explore strategic rationales in detail and offer preliminary findings regarding the importance of strategy in foreign divestment. However, the findings of these qualitative studies might be inherent to the study context. The thesis does not test these preliminary findings as hypotheses in large-scale exploratory studies and thus does not prove that these findings are generalizable.

[25] This discussion is limited to the overall limitations of the thesis. The specific limitations inherent to each study can be found within the respective studies.

Second, the thesis followed researchers' calls to investigate combinations of foreign drivers. However, the five archetypes of driver combinations in Study 2 were not built through quantitative cluster analysis (Kaufman and Rousseeuw 2009) but through qualitative clustering of driver combinations into similar configurations. While this allowed the authors to incorporate in-depth knowledge about each case into the clustering, qualitative clustering can be subject to a certain degree of subjectivity. Furthermore, the investigation of driver combinations is limited to divestment cases and does not consider non-divestment cases. Consequently, the typology in Study 2 only provides configurations of drivers leading to market exits and does not identify combinations that lead to the survival of foreign operations.

Third, the thesis takes an ex-post perspective on foreign divestments and focuses mainly on its drivers. The foreign divestment process is only marginally considered. For example, Studies 2 and 3 both point to the frequency of fundamental changes in MNCs' top management preceding divestment episodes or longer phases of foreign withdrawal. This is in line with other authors who have found evidence for this "new man" phenomenon (e.g., Alexander and Quinn 2002; Burt et al. 2003; Torneden 1975). However, similar to the evidence from these studies, this is only an observation, and there is no investigation into a causal relationship between management changes and foreign divestment.

Fourth, the thesis describes and explains drivers of foreign divestment but does not study the positive or negative outcomes of foreign divestments. For example, Studies 2 and 3 did not investigate divestments' effects on retailers' wider international or overall performance. Similarly, none of the studies explores MNCs' learning from divestments. Study 3 describes how the market exit behaviors of certain retailers change over time but cannot link these changes to experiential learning. This imposes limitations on the potential for managerial learning from this thesis since managers cannot deduce direct implications from this thesis for their internationalization success.

Fifth, the studies in this thesis are based on the analysis of publicly available data and do not include internal company views (e.g., through interviews or surveys). The reasons behind this methodological choice are justified in Studies 2 and 3 (e.g., lack of access to data, distorted managerial recollections of divestments). However, MNCs might be reluctant to publicly release the real motivations behind foreign divestments (Palmer 2004; Palmer and Quinn 2007). Consequently, company reports and the media may not provide the full picture of why foreign divestments happen and may sometimes be distorted towards the official corporate line. While these issues are partly remedied through data triangulation (i.e., cross-checking a wide variety of sources), they limit the validity of certain findings. The absence of interviews also fundamentally limits the research questions that can be addressed. For example, investigating drivers related to strategy, managerial competencies, and leadership, or exploring issues related to the divestment process, are especially challenging without access to MNCs' internal views.

Sixth, this thesis is limited in the forms of foreign divestments it investigates. Studies 2 and 3 investigate drivers of retailers' market exits and do not include other forms of foreign

retail divestments (e.g., closure of single stores, change to lower-commitment operation modes, or foreign banner divestments). Study 2 provides banner- and format-level details but focuses on complete foreign market exits and does not further investigate the effects of the banner- or format-affiliation on foreign divestment. A recent study by Finnegan et al. (2019), however, finds that dominant retail banners (i.e., retailers' dominant banner in the home country) are protected against foreign divestment in contrast to non-dominant banners.

Seventh and finally, Studies 2 and 3 focus on retail divestment. While the suitability of the retail field as a fitting research subject has been thoroughly argued throughout the thesis, there might be findings from Studies 2 and 3 that are only relevant in a retail-specific context and are not transferable to other contexts, including other service-sector companies. Dawson (2007) warned against simply transferring foreign divestment theories from other sectors to the retail-specific context since "retailing is such a different activity to those other sectors". It follows logically that the opposite, i.e., transferring theories from the retail sector to other sectors, is also problematic. For example, Palmer and Quinn (2003, p. 1398) highlighted the specificities of investigating publicly traded grocery retailers since they are "often under enormous pressure to quickly break even" and might thus differ in their divestment behavior from other companies. Thus, the focus on the retail context only partially answers researchers' calls to explore foreign divestment in the context of service firms (e.g., Benito 2005; Cairns et al. 2008; Crick and Chaudhry 2006).

6.3. Implications for Further Research

This thesis aims to add substantially to our understanding of foreign divestment, and does so through a qualitative literature review of the general foreign divestment field and the retail-specific foreign divestment field, a meta-analytical study on foreign divestment drivers, and two qualitative case studies on foreign retail divestment. Nonetheless, there is still a great deal of room for further investigation of this prominent but complex phenomenon. This section contributes to the field's research agenda through a discussion of persisting research gaps and their implications for further research.

6.3.1. Establishing and Testing Full Conceptual Foreign Divestment Models

Researchers have repeatedly pointed to the complex paths along which foreign divestment drivers affect MNCs' divestment decisions (Benito 1997; Berry 2013; Delios and Beamish 2001; Hennart et al. 1998), implying the need for building and testing conceptual frameworks that take into account such mechanisms.

Based on the insights presented in this thesis, Figure 6.1. proposes a tentative conceptual framework (i.e., path model) that aims to identify and explain different types of relationships (i.e., direct effects, moderation effects, mediation effects) between a number of variables and foreign divestment. The framework is based on (1) key drivers meta-analytically confirmed in Study 1, (2) main drivers identified in Studies 2 and 3, and (3) key themes and findings the

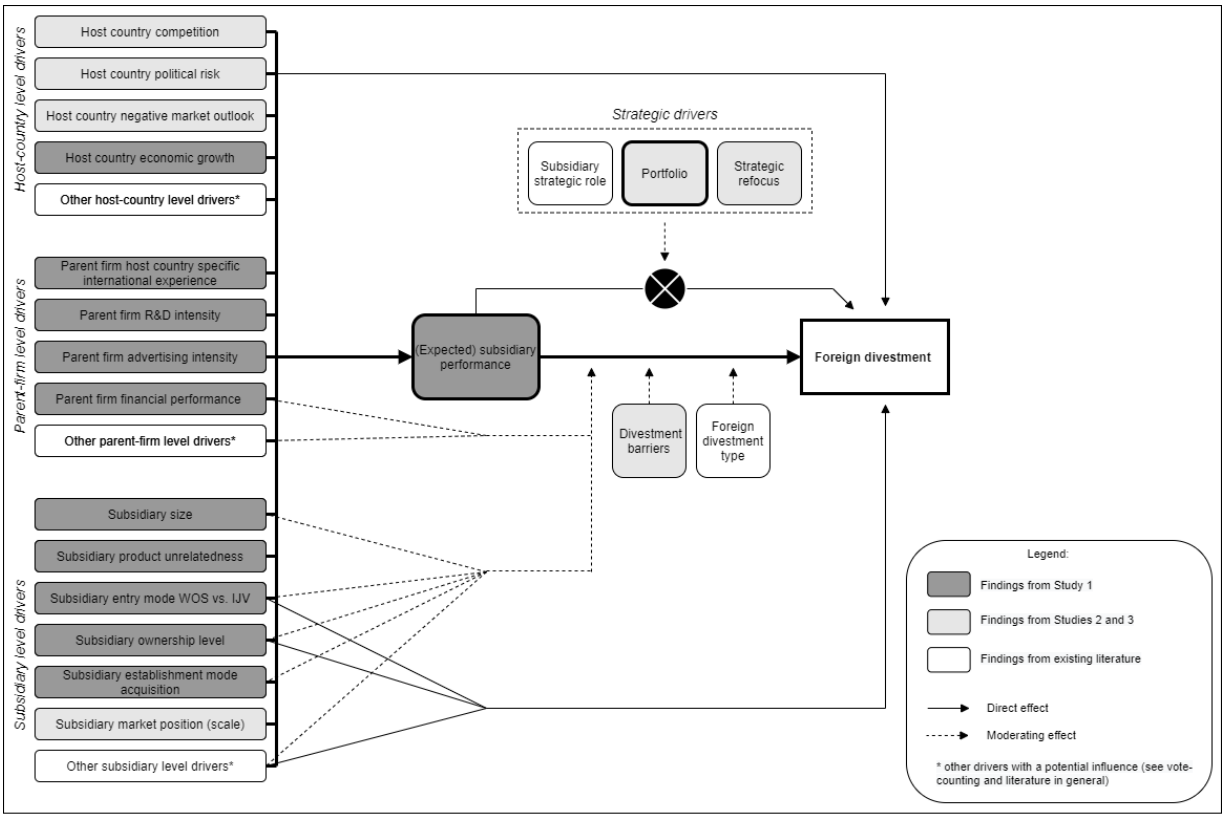
author identified from reviewing the foreign divestment literature throughout the process of writing this thesis. This tentative conceptual framework has not been empirically tested with regard to its explanatory power and makes no claims to completeness. Therefore, it should not be regarded as a definitive model but as a theoretical frame of reference that describes directed dependencies among a set of divers for which preliminary evidence exists in extant literature. It is not the first conceptual framework proposed in the literature.[26] However, it clearly differentiates itself from existing frameworks and thus offers complementary insights. The implications of the conceptual framework for further research are discussed below.

Subsidiary performance as a mediator

Large-scale quantitative studies that investigate drivers' effects on foreign subsidiary divestment typically assess the direct effect of an independent variable (e.g., host-country economic growth, parent firm R&D intensity) on the probability of foreign subsidiary divestment. These studies largely ignore potential mediation effects. However, in their theoretical discussions and development of hypotheses, these studies primarily discuss drivers through their effect on subsidiary performance and not their direct effect on the divestment probability (see, for example, the theoretical discussion of the drivers in Study 1). For instance, authors discuss MNCs' R&D and marketing efforts that create competitive advantages and enhance the performance of their subsidiaries, eventually protecting them from divestment (Barney 1991; Delios and Beamish 2001; Mata and Portugal 2000). Similarly, authors discuss host-country economic growth, its effects on the performance of foreign subsidiaries, and the protection from divestment it grants through the creation of new business opportunities and better profits (Berry 2013; Song 2014).

[26] *Arte and Larimo (2019, p. 18)* propose a conceptual framework that covers a range of aspects of foreign divestment (incl. outcomes) and highlight the importance of moderators. In a relatively low level of detail, they suggest numerous internal and external factors to have a direct effect on foreign divestment and do not consider the possibility of more complex effect mechanisms (e.g., mediation effects).
Coudounaris et al. (2020, p. 409) propose a conceptual framework of foreign divestment drivers in the form of a mediation model. However, their propositions differ from the propositions of the framework illustrated here in several aspects: First, while the here-presented framework focuses on the (expected) foreign subsidiary performance as a central mediator, Coudounaris et al. (2020) focus on the parent firm performance as a central variable, mediating the effect of drivers at different levels. It is probable that parent-level drivers (e.g., R&D intensity) affect the parent firm performance, and through this, the probability of foreign divestment. However, the outcome of the model is the divestment of a foreign subsidiary and it follows that the level of analysis of the model should be at the subsidiary level, and not at the level of the parent firm. Additionally, it is more probable that the parent firm drivers have a direct effect on the subsidiary performance and their divestment probability, and that they are not additionally mediated through the parent firm performance. Second, Coudounaris et al. (2020) do not test a path model (e.g., by means of multilevel equation modelling), as would be required to genuinely understand the path model as a whole, but focus on testing isolated parts of their conceptual framework. One of the main future research implications from this thesis is the need to test full models. Third, Coudounaris et al. (2020) postulate the effect of subsidiary performance on foreign divestment. However, they cannot investigate this effect with their data. This is a shortcoming because 1) foreign divestment is the outcome variable of interest and 2) the meta-analysis in Study 1 clearly confirmed the subsidiary performance to be an important driver of foreign divestment. Fourth, the framework of Coudounaris et al. (2020) focuses on direct effects and mediation effects, but neglects important moderators in the form of strategic considerations, divestment barriers and different divestment types.

Figure 6.1.: Proposed Conceptual Model of Foreign Divestment Drivers



Importantly, most of these discussions do not only refer to subsidiaries' past or current financial performance but to their *expected* financial performance in the future. When taking strategic divestment decisions, managers do not only consider the past performance but assess the value of their subsidiaries in their foreign market portfolios based on their expected future performance (e.g., Hamilton and Chow 1993; Hui et al. 2020). Studies 2 and 3 provide evidence of retailers divesting foreign subsidiaries not because of their historically weak performance but, in most cases, because they do not expect their subsidiaries to perform well in the future. This is in line with Boddewyn (1979), who highlighted the importance of the *expected* performance. While Study 1 confirmed the effect of subsidiary performance on the likelihood of foreign divestment, those results only relate to past performance and not to expected future performance.

Theoretical arguments relating to subsidiary performance can be found for almost all drivers. The arguments typically originate from outside the foreign divestment research field. For example, arguments concerning the performance effects of entry modes or acquisition modes are borrowed from FDI research. While there is no inherent issue in authors taking such a perspective, it demands that they statistically test drivers and their effects on foreign divestment through the mediator variable of (expected) subsidiary performance instead of assessing the direct effect of drivers on foreign divestment through survival analysis (e.g., through Cox proportional-hazards models). However, this has not been the case to date. Future studies must use path models to test for mediation effects.

Drivers with multiple effect paths

The proposed framework above suggests that some drivers affect foreign divestment through multiple paths. The IJV entry mode, for example, can affect foreign divestment through different mechanisms.

First, the entry mode can indirectly affect foreign divestment through its effect on subsidiary performance: IJVs are associated with high transaction and operation costs, negatively influencing subsidiaries' performance and thus increasing their divestment likelihood (Gaur and Lu 2007; Papyrina 2007). Second, the entry mode can directly affect foreign divestment, independently of the IJV's financial performance, when a conflict between two IJV partners arises or when an IJV partner goes bankrupt. Study 2 described multiple exits in which the ending of partnerships (i.e., IJV, franchising) triggered foreign divestments (e.g., Carrefour exited six markets because of the bankruptcy of its franchising partners; Leclerc exited Italy because its JV-partner joined a competing alliance). Interestingly, there are very few joint venture-focused studies exploring partnership-related issues. Third, entry mode can have a moderating effect on foreign divestment: for example, MNCs might have more difficulty finding suitable buyers for their WOS than selling equity held in a joint venture to their IJV partners (Chen and Wu 1996; Hennart et al. 1998). Future studies will have to integrate such multipath relationships.

The importance of moderators

As previously mentioned, there has not been sufficient systematic study of potential moderators, despite several authors calling for such investigation. The meta-analysis in Study 1 found high between-study heterogeneity in the measured effects of most drivers, suggesting the presence of moderating effects. However, a lack of statistical evidence from primary studies made it impossible to test substantial moderators, and the meta-analysis only included moderators related to the operationalization of the drivers. Future researchers must put more effort into testing substantial moderators. Two potential moderators that are frequently addressed in theory and qualitative studies but have been largely ignored in large-scale explanatory studies are divestment barriers and divestment types.

The moderating role of divestment barriers

There are several types of divestment barriers that can postpone or deter foreign divestments altogether. However, they have been largely absent from statistical models in large-scale quantitative studies.

First, economic barriers to divestment might exist. MNCs might be reluctant to divest foreign operations when they face difficulties selling their operations for an acceptable price. Study 2 included such examples: Carrefour intended to sell its Malaysian and Singaporean operations in 2010. However, due to a lack of attractive offers, they did not divest these operations until two years later. Similarly, Walmart searched for a buyer of their Japanese

operations for more than two years. This is in line with recent findings from the 2021 EY Global Corporate Divestment Study, which found that nearly 80 percent of MNCs fail to achieve expected sales prices for their foreign divestments (EY 2021).

Second, managerial barriers to divestment might exist. Most theoretical arguments regarding divestment drivers assume that MNCs take deliberate and rational divestment decisions. However, Torneden (1975) stressed that managers often make arbitrary exit decisions. For various reasons, managers might have personal barriers to divestment. These personal barriers are, unlike economic barriers, often not in the firm's best interest. For example, managers might be emotionally attached to subsidiaries or fear that divestments might have negative job-related consequences. Subsequently, this can bring a degree of bias in the managers' divestment decisions. Pride and managerial sentiment can deter divestment to such an extent that the removal of top executives is necessary before objective divestment decisions can be taken (Makino et al. 2007; Nargundkar et al. 1996). Torneden (1975) pointed to foreign divestments often being preceded by personnel changes in the MNCs' top management. Case study evidence from Studies 2 and 3 confirmed these findings by showing that market exits of retailers are often preceded by fundamental change at the top of their management structures.

Third, structural barriers to divestment might exist. As discussed earlier (see section 2.1.3.), subsidiaries can be firmly integrated inside MNCs' configurations (Belderbos and Zou 2006; Georgopoulos et al. 2013; Getachew and Beamish 2017; Makino et al. 2007). Breakdowns in the production processes of exporting manufacturing subsidiaries, for example, can create supply shortfalls that affect the whole production network. MNCs generally try to prevent, as far as possible, divesting subsidiaries that are highly integrated into a global supply chain (Anand and Delios 1997; Song 2002). Structural barriers are connected to the strategic role of the subsidiaries within MNCs, which is discussed below.

It can be reasonably assumed that divestment barriers play a role in most foreign divestment cases in one way or another. However, research has largely overlooked this role to date. The examples from Studies 2 and 3 above represent anecdotal evidence from explorative case study research. In line with Arte and Larimo (2019), who discuss similar barriers to divestment, this thesis calls on future researchers to incorporate divestment barriers in their models to confirm these preliminary findings.

The moderating role of divestment types

There remains a critical lack of research on the importance of different divestment types (i.e., sell-off vs. closure). In fact, in the existing literature, only four studies differentiate between sell-offs and closures (see Hennart et al. 1998; Konara and Ganotakis 2020; Mata and Portugal 2000; Ogasavara and Hoshino 2008). These studies found certain drivers to have different effects on foreign divestments through sell-off and closure. For example, Hennart et al. (1998) and Ogasavara and Hoshino (2008) both found that unrelated foreign subsidiaries have a higher likelihood to be divested than related subsidiaries, but only in the case of sell-

offs. This might be explained by parent firms acquiring and re-selling foreign companies that do not fit their strategic portfolio.

Studies 2 and 3 included cases of divestment through both sell-off and closure, and found sell-offs to be more frequent than closures (i.e., liquidation/bankruptcy). This is in line with existing findings in the field (Hamilton and Chow 1993; Hennart et al. 1998). Studies 2 and 3 also provide further evidence for those two divestment types being driven by different factors (Hennart et al. 1998; Mata and Portugal 2000; Ogasavara and Hoshino 2008). For example, retailers' need for cash due to a problematic situation at the corporate level or attractive investment opportunities typically drive divestments through sell-off. Divestments through closure, on the other hand, are typically associated with a significant failure of the foreign operation (i.e., significant losses at the subsidiary level).

Konara and Ganotakis (2020) focused solely on divestments through sell-off and found that divestment drivers in the case of sell-offs differ depending on whether the acquiring firm is a local firm or a foreign firm. This type of difference between categories of sell-offs demonstrates the relevance of investigating sell-offs separately from closures. Future large-scale explanatory studies should consider taking this into account and differentiate between divestment cases through sell-off and closure in their analysis, or, optimally, include this variable as a separate construct in their models. Related to this, the drivers and implications of partial vs. complete divestment of a subsidiary may differ significantly, and understanding the drivers of each is crucial.

Stronger focus on strategic drivers

Due to the focus of extant studies on generic parent firm, subsidiary, and host-country characteristics, the meta-analytic investigation in Study 1 was carried out primarily based on drivers related to such characteristics. However, as previously mentioned, several extant studies and the findings in the retail-specific Studies 2 and 3 of this thesis pointed to the relationships between foreign divestment decisions and the subsidiaries' strategic role and strategic decisions at the corporate level. The effect of strategic drivers may be explained through different pathways. For example, a poorly performing subsidiary facing a high risk of divestment might not be divested due to its important strategic role within the overall supply chain (see structural divestment barriers, discussed above) or because other subsidiaries' expected future performance, and consequently the value of these subsidiaries in the portfolio, are even lower. In this sense, strategic drivers act as moderators. Sometimes, however, divestments result from upcoming opportunities elsewhere, or MNCs' need to decrease their international footprint and react to issues at the corporate level. In this sense, strategic drivers may increase the likelihood of foreign divestment. Study 2 showed that the subsidiary performance can sometimes moderate the relationship between strategic refocus intentions of MNCs and foreign divestment: retailers, when divesting from multiple countries in a strategic refocus effort, typically continued well-performing operations and discontinued ill-performing ones. In fact, most of the market exits

analyzed in Studies 2 and 3 involved weakly performing operations. This might indicate that it is especially difficult for managers to divest strong-performing operations, even when these operations do not fit with their strategy and bind resources that would better be invested on higher-impact investments.

Studies 2 and 3 highlighted the importance of strategic drivers in a retail-specific context. However, these findings need to be considered in future research on foreign divestment in other industries, including the manufacturing sector. In the past, there have been many examples of manufacturing MNCs divesting subsidiaries to pursue more lucrative opportunities in other host countries: US-based General Motors, for example, divested its German subsidiary to focus on more promising opportunities in Asia (Financial Times 2014). There are also examples of MNCs under survival pressure divesting foreign subsidiaries in order to raise financial resources to ease immediate issues: US-based Ford divested its subsidiaries Volvo Cars in Sweden and Jaguar Land Rover in the UK in order to raise cash when it faced the prospect of bankruptcy (The New York Times 2010). These are fundamental concerns, and the drivers that underlie divestment need to be examined in relation to them. There is sufficient evidence today to suggest that MNCs' internationalization cannot be seen as a unidirectional phenomenon partly interrupted by negative pressures and divestment episodes, but that it must instead be viewed as a bi-directional phenomenon of expansion and withdrawal, driven by a continuous adaptation of resources, structures, and operations to an international environment. This thesis contributes to an understanding of the importance of strategic drivers in the foreign divestment field. However, primary research using internal company data has to be conducted to understand this aspect better. Interview- or survey-based research can be used to investigate different aspects of MNCs' internationalization strategies, such as the reversed eclectic theory (OLI), or the detailed mechanisms behind portfolio considerations triggering foreign divestments. EY's (2021) recent study shows that MNCs often hold onto assets that should objectively be divested but that were not correctly identified due to shortcomings in strategic portfolio reviews.

When conducting interview-based research in the field, authors should pay special attention to conducting interviews in a way that avoids capturing managers' reiteration of the official corporate line, and instead ensures that managers somehow reveal the internal views on foreign divestments. To do so, authors might want to consider complementarily interviewing external parties to get independent accounts of what happened (e.g., financial specialists involved in MNCs' foreign divestment activities).

Testing path models through structural equation modeling

The discussion above draws attention to the fact that direct mechanisms explain only a portion of drivers' effects on divestment and that much of their effects work through mediation and moderation. Thus, it is paramount to test full conceptual models in the future, rather than the direct effects of single determinants. As suggested in Study 1, this can be done through

structural equation modeling (SEM) in primary research, and, once enough data exists, through meta-analytical structural equation modeling (MASEM) in review research.

6.3.2. Investigating Foreign Divestments of MNCs from Different Home Countries

Study 1 critically discussed most studies' sampling bias towards MNCs from Japan and South Korea. This gap persists in the literature and is problematic. Future research must focus on MNCs from different home countries divesting from different host countries (i.e., advanced economies and emerging markets) for two important reasons. First, MNCs' countries of origin affect their internationalization (e.g., MNCs show different entry motives and may have different firm-specific advantages). In fact, authors have critically scrutinized the suitability of existing FDI models (i.e., OLI paradigm) to explain MNCs' internationalization (Deng 2009; Hennart 2012; Rugman and Nguyen 2014). The same should logically be done in divestment research. Second, different host countries provide different location advantages for inward FDI but also expose MNCs to a different competitive situation. In summary, drivers of foreign divestment are likely to differ for different home- and host-country contexts. Future studies with new geographical contexts can apply models including drivers confirmed in existing findings and see if the existing findings are valid in these new contexts. If this is not the case, existing models will need to be adapted and extended.

6.3.3. Using Mixed-Method Approaches to Explore Foreign Divestment

Quantitative explanatory studies and qualitative case studies investigating foreign divestment drivers each have their advantages and limitations. Quantitative explanatory studies, on the one hand, investigate a large number of foreign divestment cases and deliver significant and generalizable results concerning drivers' effects. However, these studies tend to view divestments as isolated events and underestimate the context around them. While this suffices to identify generic pressures leading to foreign divestment, such studies miss investigating changing interactions between these pressures and the parent firm and fail to recognize changing dynamics between different drivers over time (Burt et al. 2019; Santangelo and Meyer 2017; Vahlne and Johanson 2017). In particular, due to their sample size, they are typically based on secondary data and do not allow for the investigation of long-term strategy. On the other hand, qualitative case studies consider the larger contextual embeddedness of foreign divestments (e.g., corporate strategy influences, industry-wide influences). However, their findings are explorative and do not provide significant or generalizable results (Vissak and Francioni 2013). Single-case studies, in particular, might overestimate contextual influences.

This tension between robust scientific explanation and context can be resolved through the application of mixed-method approaches (Hurmerinta-Peltomäki and Nummela 2006). For example, authors can begin with quantitative investigations based on large secondary datasets (e.g., looking at several thousand divested subsidiaries), and then identify parent companies for the survey-based or interview-based qualitative part of the investigation. The qualitative

findings can be used to confirm or reject the quantitative findings (i.e., the more generic pressures) and focus on drivers that require the analysis of primary data (e.g., strategic drivers, managerial barriers).

In general, there is significant potential in applying approaches situated at the intersection of quantitative and qualitative research in the future, such as, for example, qualitative comparative analysis (QCA). Fuzzy-set QCA would allow researchers to statistically determine combinations of drivers leading to both divestment and survival (Ragin 2008). In contrast to regression-based methods or hazard models, this approach would allow the identification of necessary and sufficient conditions for a foreign divestment to happen (Ragin 2009). However, the difficulty of this approach lies in including divested operations and non-divested operations, which requires studies based on internal company data.

6.3.4. More Research on the Process and Outcomes of Foreign Divestment

The foreign divestment literature continues to focus on understanding foreign divestment drivers; far less attention is paid to the foreign divestment process and foreign divestment outcomes, including performance outcomes, financial outcomes, and the effects of foreign divestments on MNCs' strategic behavior.[27]

The few process-oriented studies discussed in sections 2.1.2.2. and 2.2.2.2. provide relevant insights into the actual decision-making and implementation of foreign divestments. Boddewyn (1983, p. 26), for example, provided a divestment decision process model that takes into account managerial barriers to exit. However, most of these findings date back more than three decades, and international business has changed significantly in that time. Foreign divestment has become a more prominent and natural aspect of MNCs' internationalization strategy. Consequently, it is crucial to investigate the extent to which there have been notable changes in the foreign divestment decision process.

As previously mentioned, foreign divestment outcomes have only been addressed in a limited manner in foreign divestment research, and the few studies investigating this aspect are centered on financial or capital market indicators, such as stock reactions to foreign divestments, while studies exploring how MNCs vary their strategy and activities in the aftermath of foreign divestments remain rare. However, foreign divestments are likely to have significant and long-term consequences on MNCs' strategic behavior. Divestments through sell-offs generate proceeds that have to be distributed among shareholders or re-invested. EY's (2021) recent study shows that divestment proceeds are often specifically re-invested into

[27] In their recent qualitative literature review of de-internationalization, Tang et al. (2021) proposed a thematic framework including multiple themes/aspects of de-internationalization requiring focus in future research (i.e., drivers, barriers, moderators, and outcomes). They highlight the importance of examining consequences of de-internationalization in the future and suggest investigating the effects of foreign divestments on stakeholders (in the host country and in the home country), focal firms in the host country, and MNCs' international strategy (including re-internationalization). A notable shortcoming of the framework by Tang et al. (2021) is the absence of the de-internationalization process. However, this is viewed as an important aspect of de-internationalization (e.g., Duhaime and Baird 1987; Nees 1978) that has to be more thoroughly investigated in the future.

strategically pre-defined targets, most often new technology, products, customer segments, or geographical markets. Market re-entry can also be seen as an outcome of foreign divestment (i.e., market exit) and is increasingly attracting academic interest. Sousa et al. (2021) reviewed the literature on market re-entry and provided recommendations for future research in the field. Finally, Study 3 has shown retailers divesting from large and attractive host countries through partial exits, keeping the "real option" to return to these host countries at a later point in time. Such insights offer promising avenues for future research.

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