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FACTORS LEADING TO FOREIGN MARKET EXIT – THE PERCEPTIONS OF PORTUGUESE MULTINATIONAL FIRMS

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Abstract

The topic of firms' internationalization has been profoundly studied in academia, however, little attention is given to foreign market exit decisions. This is extremely useful in identifying fragilities and preventing future mistakes. Even though some factors have been identified as contributors to the exit decision, given the specific characteristics of each market, it is important to conduct a study to understand which factors and moderators influence the decision of exiting foreign markets by Portuguese multinational firms. Through an online questionnaire directed to CEOs of Portuguese multinationals, the factors, and moderators that are perceived to have influenced the exit decision were identified and tested for statistical significance through the use of non-parametric tests.

Based on a sample of 37 Portuguese multinationals , results indicate that both internal and external factors were perceived to have an impact on the foreign market exit decision. Statistical evidence was found for the case of financial performance at the subsidiary level, competition in the host market, quality of human capital of the subsidiary, and type of innovation employed. Contradictions were found to the previous literature on the impact type of innovation has on the foreign exit decision, which reinforces the idea that foreign market exit decisions should not only be studied at a general level but also focused on particular markets and characteristics. Although with broad results, this study works as an introduction to a topic that should be more thoroughly and further analyzed.

Key words: Foreign market exit, foreign divestment, de-internationalization, Portuguese multinational enterprises

JEL-Codes: D21, F23, M16

Resumo

A internacionalização por parte de empresas tem sido bastante estudada a nível académico, no entanto, pouca atenção tem sido dada às decisões de saída de mercados estrangeiros. Este estudo é extremamente útil na identificação de fragilidades e na prevenção de erros futuros. Embora algos fatores tenham sido previamente identificados, dada a especificidade de cada mercado, é importante a realização de um estudo para entender quais os fatores e moderadores que influenciam a decisão de saída de mercados estrangeiros por parte de multinacionais portuguesas (que são adversas ao risco, de acordo com estudos anteriores). Através de um questionário online dirigido a CEOs de multinacionais portuguesas, foram identificados e testados os fatores e moderadores que são entendidos como influenciadores na decisão de saída. Estes testes foram realizados por métodos não paramétricos no software SPSS.

Baseado numa amostra de 37 multinacionais portuguesas, fatores internos e externos à empresa foram identificados como sendo influenciadores da decisão de saída de mercados estrangeiros. Evidência estatística foi demonstrada nos casos de performance financeira a nível da subsidiária, competição no mercado acolhedor, qualidade do capital humano da subsidiaria e o tipo de inovação usada. Contradições à literatura existente forem encontradas no impacto que o tipo de inovação tem na decisão de saída, o que reforça a importância da realização destes estudos a nível de cada país e não só a um nível geral. Embora os resultados obtidos sejam amplos, este estudo funciona como uma introdução ao tópico que merece ser mais minuciosamente analisado.

Table of Contents

Table Index

Figure Index

1. Introduction

Internationalization, defined by Welsch and Luostarinen (1988, p.36) as "the process of increasing involvement in international operations", has become more popular over the last decades due to a boost in globalization, coming from the removal of financial and economic barriers between countries and regions (Ristovska & Ristovska, 2015). Due to its rise in popularity, the literature on the topic has become vast, focusing mainly on the implementation of the process itself (Tang et al., 2020). The internationalization process can happen through different entry modes, being Foreign Direct Investment (FDI) one of them.

The growth in the international movement of capital has led to an increase in competition in each market (Gurría, 2008). Therefore, enterprises that operate in foreign markets are more likely to face fierce competition that may drive them out of profitability, leading to the decision of operational exit from those markets (Tan & Sousa, 2015). Unlike the case of foreign market entry, the events of foreign failure have not been extensively approached by academia. The study of this matter was initiated in the 1970s by Boddewyn (Tan & Sousa, 2019) and from previous studies (e.g. Cefis et al., 2021; O'Reilly & Tushman, 2013; Tan & Sousa, 2019), several factors have been identified as affecting the foreign market exit decision. These include factors that are related to the firms/subsidiary characteristics (internal factors) as well as to the host and home market (external factors). Besides, some factors were shown to moderate the impact other factors have on the decision to exit a foreign market.

Although the factors mentioned above are supported by a variety of theories that have been developed on the divestment decisions by foreign companies, there is still little attention given to full exit decisions (Ozkan, 2020). The main reason for that derives from the difficulty in persuading managers and other members of firms to share information regarding their international business failures (Benito & Welch 1997).

The study of foreign market failure and consequent exit is extremely relevant to the construction of theoretical frameworks (and bases) that are still missing in the topic of International Business. Besides, previous studies have shown that firms learn more from previous failures than successes (Madsen & Desai, 2010). According to the same authors, understanding the reasons behind previous foreign failures is fundamental to the acquisition of knowledge that can be in the future applied to foreign investment decisions as well as market re-entries.

The objective of this dissertation is to contribute to the existing literature on the topic by conducting a post-mortem analysis of exit decisions of Portuguese multinational firms (MNEs) from a foreign market to answer the question "What are the factors that contribute to the foreign exit decision?". This is particularly relevant since the conclusions retrieved from previous empirical studies cannot be too broadly generalized as they may be biased by the characteristics of each market (both home and host) as well as the sample size (Tan and Sousa, 2019). Besides, previous studies have shown that Portuguese enterprises tend to be risk-averse (Rieger et al., 2015).

To answer the research question, a quantitative methodology will be used, through the implementation of an online survey directed to Portuguese multinationals to identify and analyze the perception of Portuguese multinational enterprises regarding the factors that lead to the termination of business in international markets.

Therefore, this work will be divided into four main chapters: firstly, a literature review will be conducted where previous factors and moderators for foreign exit decisions will be identified and organized. Secondly, a brief description of the methodology used will be presented as well as the collection of data. Following, the information obtained in the conducted survey will be analyzed, discussed, and compared with the existing literature. Finally, a conclusion will be made that will include directions for further research and the limitations of this research.

2. Literature review and research hypothesis

In this chapter, an overview of the previous literature regarding the topic of foreign market exit will be presented. First, important concepts for the understanding of the phenomenon will be described, followed by an identification of relevant theories that support the impact drivers have on the exit decision. Following, the different factors and moderators will be listed and explained which will allow the creation of the hypothesis that will be further tested.

2.1. Concepts

The internationalization process can be defined in different ways. Reid and Rosson (1987) characterized it as the outward movement of a firm's operations. One year later, Welch and Luostrarinen (1988) defined it as "the process of increasing involvement in international operations" (p. 36). Moreover, Calof and Beamish (1995) described it as a broader process of adaptation of a firm's operations to foreign environments. Independently of the stated definition, internationalization usually happens in episodes, and it is "rarely stable for long" (Kriz & Welch, 2018, p.514). This process becomes even more relevant when considering the fact that uncertainty is becoming more evident in foreign markets (Cavusgil & Cavusgil, 2011).

One of the most famous internationalization theories is the Uppsala model developed by Johanson and Wiedersheim-Paul (1975). According to this model, the internationalization process is divided into four main stages with an increasing commitment by the firm: occasional export activities, exports via agents, the establishment of sales subsidiary, and finally the establishment of production units abroad. These two last stages are included in the category of foreign direct investment (FDI), which is the main focus of this dissertation. According to the United Nations Conference on Trade and Development (UNCTAD, 2007) foreign direct investment is defined as a lasting relationship of interest and control between a resident of a country (the investor) and a company of another country (the affiliate enterprise).

Regarding the establishment mode, FDI can be divided into two main categories: greenfield and brownfield investment. The former consists of, when moving to a new market, establishing the new venture from scratch, while brownfield (also known as acquisition) implies the acquisition of part or all of the equity of an existing firm in the market

(Tsang & Yip, 2007). The amount of equity acquired in investment also divides FDI into two groups: Wholly Owned, which implies the full ownership of the foreign subsidiaries, and Joint Venture, when that ownership is shared with one or more firms (Hennart & Larimo, 1998). It is important to bear in mind that these latter concepts are applied to both greenfield investments and acquisitions.

Meanwhile, de-internationalization is defined as "voluntary or forced actions that reduce a company's engagement in or exposure to current cross-border activities" (Benito & Welch, 1997, p.9). This can include the reduction of export activity, back shoring, general foreign divestment, and termination of operations in a foreign market(s) (Turcan 2006). In this analysis, the focus will be on foreign exit, defined as the end of operations or sale of a subsidiary in a foreign market (Schmid & Morschett, 2020).

Market exit is a reality that both domestic and foreign firms are subjected to when operating in a certain market however, studies have shown that exit rates are usually higher for the latter (Cefis et al., 2021). Nevertheless, it is important to understand that the exit decision does not only occur due to business failure: it can also be associated with resource management to proceed to new investments (Schmid & Morschett, 2020). Either way, it is a phenomenon that deserves to be studied, namely the reasons that lead to the decisions taken. This study becomes even more relevant when considering the fact that Portuguese enterprises tend to be risk-averse (Rieger et al., 2015).

2.2. Theories

The reasons behind foreign market exit can be interpreted in the light of different perspectives based on theoretical frameworks developed by academia over time. Therefore, it is necessary to state and understand the theories that serve as a base for the factors that will be further analyzed. Even though the theories mentioned below are usually used to explain firms' decisions to invest in foreign markets, they are also important to understand the opposite behavior, that is when firms decide to exit or divest from those markets.

The objectives, activities, and behavior of a firm can be viewed through different perspectives that tend to identify specific assets or characteristics that the firm must hold to be successful. One of the theories that help explain a firm's behavior, is the Resource-Based View (RBV). According to this theory, a firm is defined as a bundle of resources and capabilities that are heterogeneous across corporations and imperfectly mobile, being, therefore, difficult to imitate or appropriate by others (Miller, 2019). These resources include assets, processes, attributes, and knowledge controlled by the firm (Daft, 2012), while capabilities can either be operational or dynamic, that is, that allows the firm to efficiently adapt to a changing environment (Miller, 2019). According to the same author, these characteristics of the firm are what allow it to create a higher economic value than its competitors, that is, to obtain competitive advantage and consequently a sustainable success in the foreign market.

The behavior and success of a firm can also be interpreted according to the Knowledge-Based View (KBV). This theory defends that out of the bundle of resources that guarantee competitive advantage to a firm, knowledge base ones are the most important (Wiklund & Shepherd, 2003). This refers to general or specific knowledge about the market or technologies that allow the firm to better understand and predict changes in the environment and to strategically and tactically adapt to them (Cohen & Levinthal, 1990). These are the resources that allow the firm to discover and exploit new opportunities that allow its success in the foreign market (Wiklund & Shepherd, 2003).

Other theories focus on the importance of knowledge to the corporation's activities, one of the Organizational Learning Theory (OLT). According to this theory, firms tend to create learning systems (Fiol & Lyles, 1985) that allow the development of new knowledge, either explicit or tacit. This knowledge creation, retention, and transfer process allow the firms to acquire and maintain a competitive advantage in the foreign market (Basten & Haamann, 2018).

The three theories mentioned above become relevant in the light of foreign market exit since the lack of resources or capabilities considered by them fundamental for the firm success may hinder the ability of the firm to compete in a given foreign market and lead to its exit.

Besides being aware of the theories that explain the company's abilities to successfully compete in a market, it is also essential to highlight those that explain the reason why firms decide to enter a market. The Transaction Costs Theory (TCT) was developed by Coase in 1937 and explains the existence of firms. According to the author, firms are created when the costs of managing them (in the case of multinationals, the coordination between business units located in different markets is especially relevant) are lower than the costs of using the market, that is, the transaction costs. A change in the transaction and/or managing costs related to a specific market may lead firms to the conclusion that is no longer viable to operate in such market and consequently the decision to exit can be taken.

Given that a multinational company is composed of a parent firm and its foreign subsidiaries, it is fundamental to have in mind the theory that explains the relationship between those different business units. The Fit theory defends that the probability of organization survival is positively related to the strategic fit between the firm's business units (Venkatraman & Camillus, 1984), that the more similar the strategies and resources held by the different units of the corporation, the higher the likelihood of success in the market. Through this reasoning, it is possible to understand that the lack of this strategic fit may hinder the success of the firm in a given market which can contribute to the termination of operations and consequent exit decision

Finally, the contingency theory is an organizational theory that defends that a certain course of action/factor is contingent upon others' internal or external factors. Mathematically, can be defined as: the relationship between two variables is dependent on a third one (Donaldson, 2001). Since the objective of this dissertation is to identify factors that lead to the decision to exit international markets, it is important to have in mind that besides directly influencing the decision to exit, these factors can also moderate the impact of others.

To sum up, the main points of each mentioned theory are synthesized below in Table 1.

Table 1 - Relevant Theories for the study of foreign exit

Theory	Definition	Relation to the foreign exit decision
Internationalization process (IP)	The process in which a firm increases its involvement in international operations which can consist in exporting or moving its activities to foreign markets, and engaging in FDI.	The exit decision contracts the process of internationalization which may indicate a failure in that process.
Resource-based View (RBV)	The firm is composed of a bundle of resources and capabilities which are difficult to imitate. This enables the achievement of competitive advantage and sustainable success in the foreign market.	The inexistence of those resources and capabilities or its inability to generate a competitive advantage may lead a firm to decide to leave the market in question.
Knowledge-Based View (KBV)	The market sustainable advantage of a firm derives from its knowledge-based resources.	The inexistence of knowledge-based resources or their inability to generate sustainable advantage may lead a firm to leave the market in question.
Organizational Learning Theory (OLT)	Organizations develop learning systems that are transmitted through their members that are fundamental for building competitive advantage.	The inability of the learning systems to generate a competitive advantage may lead a firm out of its operations in each market.
Transaction Costs Theory (TCT)	Firms are created when internal managing costs are lower than existing transaction costs in the market.	A change in managing or transactional costs may lead a firm to conclude it is better to not operate in the market, leading to its exit.
Contingency Theory (CT)	The relationship between two variables is dependent on a third one.	A relevant factor for exit decision can also influence or be influenced by other factors.
Fit Theory (FT)	The probability of organization survival increases with the strategic fit between the firm's business units.	A lack of strategic fit between business units may lead to the decision of ending operations in a given market.

(Source: Own Elaboration Based On Tan & Sousa, 2019; Schmid & Morschett, 2020)

2.3. Drivers of foreign exit

The theories listed above are essential to explain how different characteristics of the firm or the markets at stake can have an impact on the exit decision. In the following sections, those characteristics will be identified and their impact will be explained in the light of the theories presented.

The foreign market exit behavior of a firm is mainly studied through the identification of the factors that lead to that decision. However, studies have shown that foreign market exit decisions are extremely complex (Sousa & Tan, 2015) and that the firm's behavior and performance are the results of the interaction of two or more factors (Ozkan, 2020). Thus, the contingency approach has started to be applied to this matter, since moderators were shown to have a significant impact on the explanation of foreign exit behavior (Sousa & Tan, 2015). However, it is important to note that a certain factor can both directly impact the exit decision and moderate the effect of other factors.

As mentioned above, the foreign divestment decision of a firm can be explained by the influence of factors and moderators which can either be related to the characteristics of the firm or the market (both at home or host country). Therefore, those aspects previously identified in the literature are going to be divided into internal and external to the firm, being both types important for the explanation of the phenomena (Berry, 2013).

Table 2 lists the factors, internal and external, that were identified in previous literature and that will be further analyzed. Table 2 also identifies the relevant theories that explain the effect the factors have on the exit decision.

Table 2 – Factors that influence the decision of exiting from foreign markets

Type of Factor	Factor	Relevant Theories
External	Psychic Distance	IP, TCT
	Host Market Competition	TCT, RBV
	Host Market Economic Growth	RBV
	Uncertainty in Host Market	RBV. TCT
	Networks/Partners	RBV, KBV
Internal	Financial Performance	RBV, TCT
	Strategic Fit	TCT, FT
	Type of Innovation	RBV, KBV
	Level of Innovation	RBV, TCT
	R&D and Advertising	RBV, KBV
	Human Capital	OLT, KBV
	Sunk Costs	RBV, TCT
	Decision Making Process	OLT
	Establishment Mode	IP; TCT
	Ownership Level	IP, TCT
	Previous Experience	KBV, OLT
	Internationalization Speed	IP

External Factors

One of the most important external factors for firms exiting decisions is the psychic distance (Park et al., 2019). According to Johanson and Vahlne (1997, p.24), psychic distance is defined "as the sum of factors preventing the flow of information from and to the market (…) language, education, business practices, culture, and industrial development". In the presence of such a reality, the firm must engage in great investments and effort to reduce the distance which turns more probable the exit from the international market (Park et al., 2019; Tang et al., 2021), in the light of the transactional cost theory. In this way, it is possible to deduce that firms that experience a high psychic distance have a higher probability to engage in a foreign market exit decision. Therefore, hypothesis 1 states that:

Hypothesis 1: High psychic distance between the home and host market is perceived as a factor that contributes to the foreign market exit decision.

Globalization also influences the choice of ending operations in foreign markets. World openness increases import rates from low costs countries and allows more firms to enter each market. Therefore, competition increases which may drive the profits down and lead to the exit of MNCs' subsidiaries from the host markets (Cefis et al., 2021). As a result, experiencing a higher competition level in the host market, firms are more likely to exit the given market. In this way, the second hypothesis is:

Hypothesis 2: Higher competition in the host market is perceived as contributing to the foreign market exit decision.

Other markets characteristics have been proven to be relevant for the exit decision, namely the economic growth of the host country: according to Schmid and Morschett (2020), a higher growth turns the market more attractive and may lead to the rise of new opportunities, then reducing the probability of exit. However, these market conditions are less crucial for international firms since they may not be as dependent on that marker as their domestic competitors (Coucke & Sleuwaegen, 2008). Therefore, firms present in markets with high economic growth are less likely to engage in foreign market exit decisions. Therefore, hypothesis three states that:

Hypothesis 3: High economic growth in the host market is perceived as a delaying factor of the foreign market exit decision.

Besides, the existence of partners in the host country can bring more security to the firm's operation and reduce the likelihood of exiting (Tang et al., 2021). In the same way, network relations allow the acquisition of more knowledge about the market and its conditions and may lead to new opportunities being, therefore, negatively related to the probability of exit (Vissak et al., 2020). In this way, the exitance of partners in the host market reduces the likelihood of firms leaving that market. As a consequence, hypothesis four is:

Hypothesis 4: Existence of partners or extensive networks in the host market is perceived as a delaying factor in the foreign market exit decision.

Finally, the level of uncertainty in the host market can also impact the decision of exiting the market. Previous studies have shown that in the presence of uncertainty, firms tend to be driven to inaction, that is, they tend to neither increase nor decrease their level of investment (Song, 2013) As a consequence, firms opt to delay their decision of exiting the foreign market, i. e., to divest when the uncertainty levels in that given market are high. This relation is stated in hypothesis five as:

Hypothesis 5: Existence of high uncertainty in the host market is perceived as a delaying factor in the foreign market exit decision.

Internal Factors

Among the great range of a firm's internal characteristics that influence the decision of exiting an international market, financial performance is the most relevant one. The explanation of this relation is simply that firms will exit the market when their financial performance is not at the desired level (Tan & Sousa, 2015). According to the Resource-Based View, the firms' success and operations depend on the assets they hold. If a firm lacks great availability of resources, it may need to redirect them to more important operations, increasing the probability of exit from the market (Schmid & Morschett, 2020). Therefore, firms that lack availability or experience misallocation of resources have a higher likelihood of decision to exit a given market (Park et al., 2019). Hence, the hypotheses are:

Hypothesis 6: Bad financial performance at the foreign subsidiary level is perceived as a driver of foreign market exit decisions.

Hypothesis 7: Misallocation of resources at the foreign subsidiary level is perceived as a driver of foreign market exit decisions.

Another relevant factor for the foreign exit decision is the strategic fit between foreign subsidiaries and parent firms (Sousa & Tan, 2015). According to the Fit Theory, a lack of fit between the business of the parent firm and foreign affiliate may affect the stability of the business (Tang et al., 2021). The ability to manage different business units gets compromised when strategies or products/services are unrelated. Due to the lack of experience in the unknown area or the inexistence of possible synergies between the units, the probability of a market exit by the foreign subsidiary is likely to increase. (Schmid & Morschett, 2020). Therefore, hypothesis eight states that:

Hypothesis 8: Good strategic fit between the parent firm and its foreign subsidiary is perceived as a delaying factor in foreign market exit decisions.

The amount of sunk costs has also been shown to impact the decision to leave a foreign market. These include expenses related to the gathering of information about market conditions and competition in the host country, the creation of relations with suppliers, the surpassing of entry barriers, and even the emotional attachment to the new affiliate created (Tan & Sousa, 2015). A firm may exit a market with the idea to re-enter it further in the future when conditions improve. If that is the case, according to the same authors, the existence of fixed costs will play a great role in the outcome of the exit decision as they want to avoid the possibility of incurring great costs upon re-entry into that market. Therefore, the existence of high amounts of sunk costs turns managers more willing to incur risks, and the decision to exit the foreign market is less likely to happen. This relation is stated in the following hypothesis:

Hypothesis 9: A high amount of sunk costs is perceived as a delaying factor in foreign market exit decisions.

Although not holding consensus among academia regarding its impact on foreign exit, innovation has been shown to decrease the likelihood of exit. According to Sui and Baum (2014), firms with innovative technologies that do not match the technological level of the market, are more likely to end their operations in that market. Therefore, hypothesis ten is:

Hypothesis 10: Matching innovative technological levels between the subsidiary and the host market is perceived as a delaying factor in foreign market exit decisions.

Moreover, a firm, when engaging in innovative activities can do so in two ways: incremental or radical[1] (O'Reilly & Tushman, 2004). These two distinct types of processes tend to have distinct impacts on the relationship between the firm and the market and consequently affect the foreign market exit decision. Incremental innovation is mainly short-term oriented and allows the maintenance of competitive advantage in the market, which means that firms holding great incremental innovation capabilities have the resources to overcome the difficulties that arise in the market (O'Reilly & Tushman, 2013). Consequently, managers will become more willing to incur risks and delay the exit decision in the hope the innovative capabilities will allow the firm to maintain a sustainable position in the market (Tan & Sousa, 2019). Meanwhile, managers of companies that employ radical innovation are less time tolerate, being less willing to postpone the exit decision and wait until the situation of the company changes (Tan & Sousa, 2019). Therefore, the following hypothesis state that:

Hypothesis 11: Incremental innovation is perceived as a delaying factor in foreign market exit decisions.

Hypothesis 12: Radical innovation is perceived as a driver of foreign market exit decisions.

Furthermore, R&D intensity has been proven to reduce the probability of foreign divestment. Once again relating to the RBV, R&D may contribute to the creation of a competitive advantage for both parent and affiliate firms (Schmid & Morschett, 2020). According to the same study, advertising intensity has the same impact as R&D regarding exit decisions. In this way, firms with lower levels of R&D investment face a higher likelihood of exiting the foreign market. This relation is defined in the following hypothesis:

Hypothesis 13: A low level of R&D investment is perceived as a delaying factor in foreign market exit decisions.

Human capital has also been shown to decrease exit from foreign markets (Cefis et al., 2021). Human capital is what allows the development of new knowledge, either tacit or explicit, which according to the OLT is what allows the company to maintain a competitive advantage in the market, decreasing the probability of exiting. Therefore, the likelihood of exiting a market increases when a company (in this case, a subsidiary) has low-quality human capital.

[1] Incremental innovation is defined as innovation that improve existing products/services or processes while radical innovation substantially transforms those products/services or processes (O'Reilly & Tushman, 2004)

The survival of a foreign affiliate in a market depends fundamentally on the strategic decisions of the firm which in turn depends on management decisions and corporate governance (Brooks, 2011). The lack of inadequate leadership either due to its ineffectiveness or little expertise can guide the firm towards bad performance which, as shown previously, increases the probability of foreign exit. Corporate decisions are also relevant as they may get in the way of the creation of legitimacy in the foreign market (Park et al., 2019). The development of social strategies can sometimes be fundamental to legitimize a company in a cultural distant market and create some business stability. The lack of that stability can increase the likelihood of closing operations in that same region (Khan et al., 2015). Therefore, hypothesis 14 states that:

Hypothesis 14: Low-quality human capital at the subsidiary level is perceived as a delaying factor in foreign market exit decisions.

The processes of decision-making that firms endure may influence the subsistence of a subsidiary in an international environment (Vissak et al., 2020). Firms' decisions can be taken from a causal point of view, in which certain goals are defined and the organization must organize its resources and create means to achieve that target (Perry et al., 2012). On the other hand, this process can be done using effectual reasoning where, instead of working towards a goal, the firm evaluates its current means and sets its objectives based on that evaluation (Grégoire & Cherchem, 2019).

According to Vissak et al. (2020), both types of decision-making should be applied in the internationalization process to maximize its success however, the decision between one or the other depends on the stage of the firm's international process. When the firm is starting to internationalize its operations, the best option is to adopt an effectual way of thinking since it has less knowledge, and it is an opportunity-driven process. The same is applied when the market to move to carries too much uncertainty. Causal decision-making is more systematic, plan-driven and allows the creation of strong ties in the present markers (which was already shown to increase the probability of staying). Thus, it should be applied in a more advanced stage of internationalization of the firm (where uncertainty is lower and knowledge is higher) to minimize the likelihood of failure. Therefore, the following hypothesis state that:

Hypothesis 15: Effectual decision-making is perceived as a delaying factor in foreign market exit decisions when the subsidiary is faced with little knowledge and uncertainty in the host market

Additionally, the level of ownership of the subsidiary in a foreign market can also directly affect the exit decision (Schmid & Morschett, 2020). According to the authors, joint ventures (JVs) tend to have higher costs of governance when compared to wholly-owned subsidiaries (WOS)– mainly due to clashes in different management styles, cultural differences, and strategies – which in the light of the transaction cost theory, may reduce the likelihood of staying in the market. At the same time, possessing a majority stake in the foreign subsidiary allows for a higher control level and a greater speed of reaction to market events which allows for a more efficient decision-making process (Gaur & Lu, 2007). In addition, exiting a market as a WOS requires higher expenses since costs are not shared between the stakes at power (Papyrina, 2007). Therefore, the higher the level of ownership at the subsidiary level, the less likely firms are to incur foreign market exit, which is stated in the following hypothesis:

Hypothesis 16: The level of control of the foreign subsidiary is perceived as a delaying factor in foreign market exit decisions.

The choice between engaging in a greenfield investment or acquiring an existing firm also brings different outcomes regarding exit likelihood. The latter calls for more complex and costly processes since differences at the organizational and cultural levels must be surpassed (McCloughan & Stone, 1998). Greenfield investments are created to fit the parent firm's image which turns it more difficult to sell when the exit of the market is decided. Therefore, the level of commitment toward entry into the market is negatively related to the probability of leaving that same market (Schmid & Morschett, 2020). Therefore, hypothesis 17 states that:

Hypothesis 17: The mode of establishment in the foreign market is perceived as a delaying factor in foreign market exit decisions.

Previous international experience has also been shown to impact the decision of exiting a foreign market. Previous internationalization provides firms with higher expertise regarding the process and how it should be conducted. Therefore, they will be less likely to commit mistakes and will be better prepared to do a correct assessment of the situation (Mohr et al., 2018). Hence, the gain of experience reduces the likelihood of exiting a foreign market (Tang et al, 2021). This relation is stated in the following hypothesis:

Hypothesis 18: Previous international experience is perceived as a delaying factor in foreign market exit decisions.

Finally, the expansion speed an organization engages in is positively related to the failure in foreign markets and consequently exit (Tang et al., 2021). Due to the rapid decisions, there is less time to assess information about the expansion at stake, inducing errors and leading to sub-optimal decisions (Mohr et al., 2018). In this way, the f19 hypothesis is:

Hypothesis 19: Fast internationalization process is perceived as a contributor to foreign market exit decisions.

<u>Moderators</u>

Previous literature has shown that entry strategy concerning the level of ownership (Joint Venture vs Wholly Owned Subsidiary) and the mode of establishment (Greenfield vs Acquisition) impacts the effect psychic distance has on the exit decision (Tang et al., 2021). According to the same authors, the methods in which the firm puts in a lower level of commitment (i.e. JV and acquisitions) have a greater offset effect on the impact of cultural distance on firm exit than wholly-owned subsidiaries and greenfield investment, respectively (Barkema et al. 1996). Therefore, the effect that high psychic distance has on the firms' foreign exit decision is weakened when a low level of commitment is employed upon entry into the market. Therefore, hypothesis 1.A state that:

Hypothesis 1. A: The importance of psychic distance on foreign market exit decisions is moderated by the mode of establishment and the ownership level regarding the subsidiary.

Despite the financial performance being considered the most relevant factor for foreign exit, Berry (2013)'s study on US multinational corporations between 1989 and 2004 showed that only one-third of the exit decisions happened due to poor performance. This can be explained by a set of moderators influencing the negative relationship between performance and foreign exit. Even though psychic and cultural distance increase the likelihood of exit (Park et al., 2019) it has been proven to weaken the impact of poor financial results on market exit (Sousa & Tan, 2015). This can be explained by the fact that decision-makers at the parent firm are aware that if the cultural distance is high, the difficulties faced by subsidiaries also increase (Hutzschenreuter et al., 2011). Therefore, they are less likely to immediately close the foreign subsidiary when bad financial results are shown (Sousa & Tan, 2015). The same reasoning is applied when market conditions are uncertain: instead of engaging in definitive strategic decisions, managers prefer to wait until new information about the market is gathered and more rational and conscious decisions about the future of the affiliate can be made (Tan & Sousa, 2015). In this way the hypothesis regarding these moderators are:

Hypothesis 6. A: The importance of financial performance on foreign market exit decisions is moderated by the psychic distance between the home and host market.

Hypothesis 6. B: The importance of financial performance on foreign market exit decisions is moderated by the uncertainty level of the host market.

The effect of financial performance on the exit decision can also be influenced by the existence of sunk costs. As mentioned previously, the existence of a high amount of sunk costs turns managers more willing to incur risk therefore, even when the foreign subsidiary presents a bad financial performance, they may opt to keep operating in the market to avoid the possibility of incurring great costs upon re-entry (Tan & Sousa, 2015). Sunk costs become exit barriers that shape the firm's decisions (Porter, 1976) and reduce the impact financial performance has on the foreign market exit decision. Furthermore, when engaging in FDI, companies are also subjected to a variety of sunk costs. Therefore, hypothesis 6.C is:

Hypothesis 6. C: The importance of financial performance on foreign market exit decisions is moderated by the amount of sunk costs.

Moreover, the type of innovation capabilities employed by the firm also plays a role in the impact that financial performance has on the exit decision. As incremental innovation allows the creation of resources and capabilities to be successful in the market managers believe that eventually, they will be able to compensate for the poor financial performance, delaying the decision to exit the foreign market (O'Reilly & Tushman, 2013). On the other hand, the employment of radical innovation turns managers less time tolerate, as it does not contribute to the creation of competitive advantage in the short-run (Tan & Sousa, 2019). Therefore, they are less willing to delay the exit decision due to bad financial performance. This impact is stated in the following hypothesis:

Hypothesis 6.D: The importance of financial performance on foreign market exit decisions is moderated by the type of innovation used at the subsidiary level.

Moreover, the strategic fit between the foreign affiliate and the parent firm also has an impact on the relationship between foreign exit and financial performance. The business units of a company may share resources or complementary assets such as marketing and distribution networks. Therefore, the choice of exiting a market due to financial performance may be offset by this share of assets that end up reducing the costs for the firm (Tan & Sousa, 2015), described in the following hypothesis:

Hypothesis 6.E: The importance of financial performance on foreign market exit decisions is moderated by the strategic fit between the parent firm and foreign subsidiary.

Additionally, strategic fit and its relation to foreign market exit can also be influenced by moderators, including cultural distance. To avoid the positive effect of lack of strategic fit on foreign exit, managers may decide to adjust the strategies between the foreign affiliate (FA) and the parent company. Even though this guarantees a greater fit between the different business units, in case of great cultural differences. It may not guarantee a match between the strategy of the foreign affiliate and the market it operates in. Therefore, in the case of cultural and psychic distance, managers will be more driven to inaction and the firm will keep on operating in the foreign market, despite the lack of strategic fit between its business units. (Sousa & Tan, 2015). As a consequence, hypothesis 8.A states that:

Hypothesis 8. A: The importance of strategic fit between the parent firm and its foreign subsidiary is moderated by the psychic distance between home and host market.

Finally, the effect that a fast internationalization process has on foreign divestment is counteracted by international experience (Tang et al., 2021). According to Mohr et al. (2018), firms tend to develop processes and routines that facilitate the future process of internationalization and require less time for decisions to be made. In this way, the following hypothesis states that:

Hypothesis 19. A: The importance of the speed of internationalization is moderated by the psychic distance between home and the host market

To sum up, the factors and moderators influencing a firm's exit from foreign markets are synthetized in the diagram presented in Figure 1.

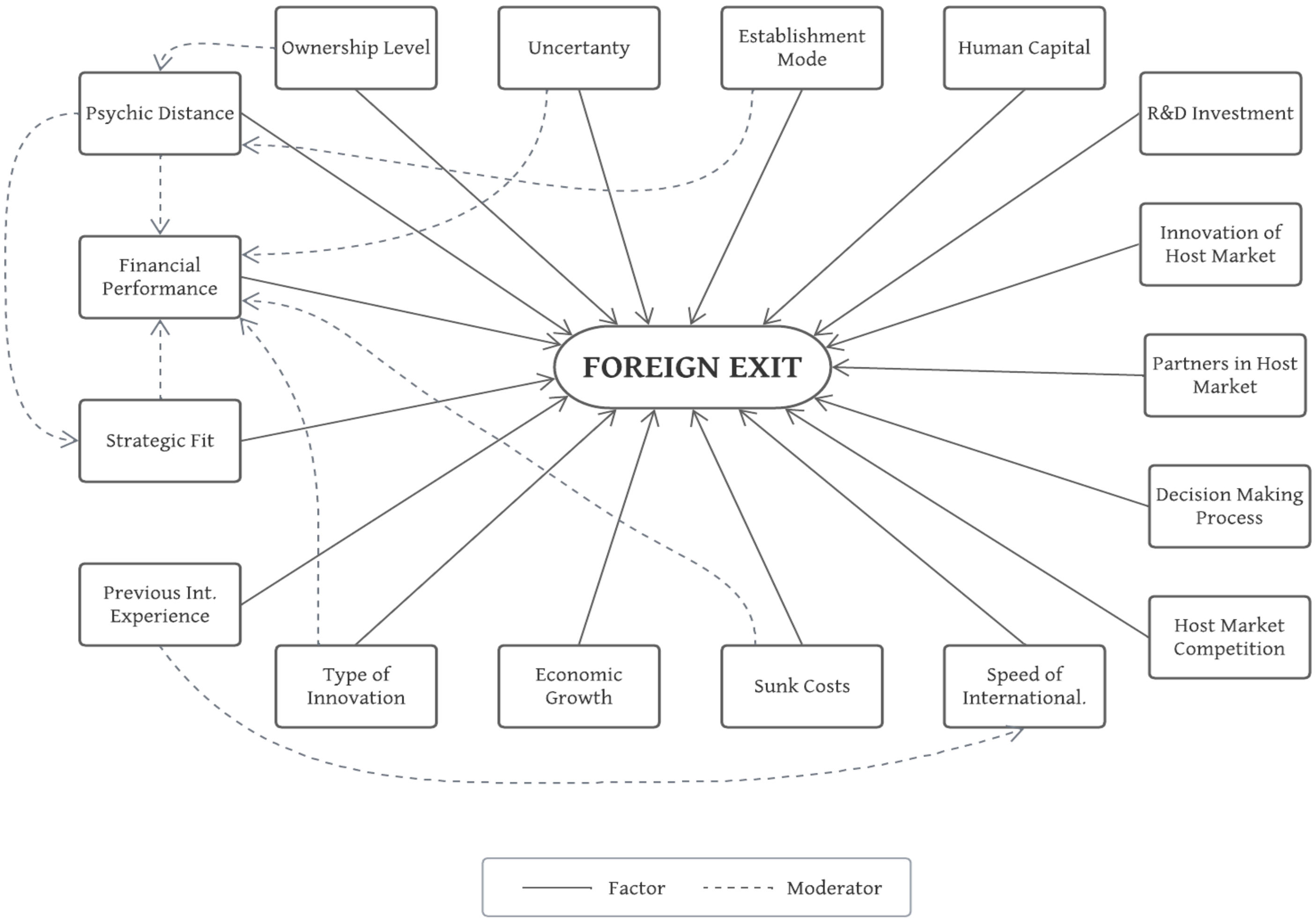

Figure 1 – Factors and Moderators of foreign market exit

3. Methodology

In this chapter, the methodology used to answer the research question will be presented. The methods to retrieve and analyze the data will be explained as well as a brief analysis will be done regarding the characteristics of the sample obtained.

3.1. Methodology

To answer the research question "What are the factors that contribute to the foreign exit decision?" a quantitative methodology was applied. Primary data was collected through an online questionnaire survey and was backed up with secondary data from the Sabi[2] database.

Email questionnaire surveys are one of the most common research methods in the field of international businesses (Yang et al., 2006). This type of research method allows the gathering of standardized information which facilitates the interpretation of results and consequently the determination of relationships between specific events (Cohen et al., 2017; Brace, 2018). Given its nature, questionnaire surveys allow the confirmation and/or refutation of hypotheses previously formulated through the statistical analysis of the data gathered (Cohen et al., 2017). According to the same author, if relied on large scales of data, surveys can allow the generalization of results.

As with any survey with the mentioned characteristics, this has the objective to test a model or hypothesis (Cohen et al., 2017) therefore, a questionnaire was created to test the previously stated hypotheses based on the perception of CEOs of Portuguese multinational companies.

The survey, which can be found in Appendix 1, is composed of 4 main parts: the first one consists of excluding questions to understand if the respondent meets the criteria to be part of the population at study. In the second part, individuals list previous foreign market exit and its characteristics, namely the market exited, the year of exit, and for how many years they operated in that host market. This part is deemed to be relevant regarding

[2] Sabi is a database that contains information about Portuguese and Spanish companies, including financial information, contacts, and business indicators (Sabi, n.d.)

the identification of patterns along the Portuguese multinationals related to those three mentioned characteristics.

In the third and fourth parts of the survey, respondents characterize the company they represent in terms of the factors and moderators identified in the literature review, factors which then are rated in terms of importance for the exit decision (if the company presented more than one foreign market exit, it was asked to be focused on the first example given). These two parts are composed of qualitative questions with multiple-choice options, to identify how companies characterize in terms of the factors as well as nominal scales, where it is asked to rank the importance of the factor/moderator from "1 – delayed the exit decision" to "5 – speed up the exit decision". 5-point nominal scales were chosen as they are the most commonly used in this type of questionnaire as well as for the fact that having an odd number of choices leads the respondents to avoid opting for a positive or negative relationship when none of them suits the reality (Hill & Hill, 1998).

The questionnaire finishes with open-ended questions where respondents are asked to add any additional factors that were not mentioned but that contributed to the decision at stake.

In the light of the best practices for survey conduction, at the beginning of the survey a small explanation is given about the topic, the objective of the survey, and the time it takes to complete the questionnaire This is followed by several explanations along with the survey regarding the concepts mentioned (Hill & Hill, 1998; Cohen et al., 2017). According to the same authors, to improve answer rates, anonymity was guaranteed.

3.2. Sample Strategy and Size

To guarantee the selection of the right sample, it is necessary to outline a sample strategy. The sample chosen must fulfill a certain purpose that goes along with the objective of the research and must be of a type also suitable for the achievement of relevant conclusions (Fletcher et al., 2018). This choice must be done in a way that gives credibility to the study as well as anticipates possible criticism (Patton, 2014).

Given the impossibility of studying the whole population of Portuguese multinationals that had at least one foreign market exit in their history, a sample of firms was obtained from the SABI database. Initially, a sample of 1936 firms was retrieved, being composed of firms that met the following criteria: i). Are Portuguese enterprises; ii). Have foreign subsidiaries (both partially or wholly owned); iii). Have an email address available.

Initially, the communication with the firms was done through the emails retrieved from the database, however, due to several reasons, it was not possible to reach all the companies listed. In a conclusion, 1781 contacts with CEOs or other board members were made through an initial email (sent on the 3rd of March 2022) and a consequent follow-up (sent on the 12th of March 2022). As mentioned before, managers and other high members of firms tend to be reluctant on discussing the matter of foreign market failure (Benito & Welch 1997) which led to few responses being obtained. Therefore, to complement this form of contact, CEOs and members of the board of Portuguese companies (that were and were not on the list) were approached through the business platform LinkedIn to increase the answer rate. As final results, 1946 companies were reached with the request to fill out the questionnaire. From that sample, 121 answers were retrieved, corresponding to an approximate answer rate of 6,2%. However, through the screening questions in part 1 of the questionnaire, it is concluded that only 37 (30,6%) firms satisfied the criteria of the study, being the final working sample.

The sample obtained is composed of fairly heterogeneous companies. As observed in Table 3, the size of the companies ranges from micro to large, being the majority (37,84%) defined as medium-sized enterprises[3].

Table 3 – Distribution of answers per company size

Category	Number of Firms	%
Micro	4	10,81%
Small	3	8,11%
Medium	14	37,84%
Large	9	24,32%
NA	7	18,92%

A great diversity was also found regarding the industry of operation. As seen in Table 4, the 37 firms are dispersed through 16 different industries of all the main sectors of the

[3] Division made according to OECD standards where a firm is considered large if it has more than 250 employees, medium if it has between 50 and 249 employees, small if the number is between 10 and 49 and micro if it has less than 10 employees. In the case where only a general range of the firm's employees was given it was assumed the average value.

economy. The construction industry is the most common one, representing 35,14% of the cases, followed by Consulting (16,22%) and Machinery (19,81%).

Table 4 - Distribution of answers by industry

Industry	Number of Firms	%
Construction	13	35,14%
Consulting	6	16,22%
Tourism	1	2,70%
Market Research	1	2,70%
Airline	1	2,70%
Banking	1	2,70%
Agriculture	1	2,70%
Machinery	4	10,81%
Publishing	2	5,41%
Wine	1	2,70%
Metallurgy	1	2,70%
Transportation	1	2,70%
Personal Hygiene	1	2,70%
Technological Equipment	1	2,70%
Real Estate	1	2,70%
Topography	1	2,70%

Finally, the firms present in the sample have very different years of establishment, ranging from the 1910s (5,41%) to the 2010s (10,81%). This data is present in table 5, where it is also possible to understand that the majority of firms (20 out of 37) were created in the last 3 decades.

Table 5 - Distribution of answers by the decade of company creation

	Decade	Number of Firms	%
Prior to Portugal joining EEC	**1910-1919**	2	5,41%
	1940-1949	1	2,70%
	1950-1959	1	2,70%
	1970-1979	6	16,22%
After Portugal joining EEC	**1980-1989**	7	18,92%
	1990-1999	6	16,22%
	2000-2009	10	27,03%
	2010-1019	4	10,81%

Legend: ECC – European Economic Community

4. <u>Results and Analysis</u>

This chapter will present and discuss the results of the online survey. Firstly, the markets in which the exit decisions took place will be presented and patterns will be identified. Following, the results regarding the importance of factors and moderators on the exit decision will be listed and analyzed through the use of statistical tools. Additional factors that were not previously identified will also be presented. The final section will be dedicated to the discussion of the results obtained, linking these results to the information gathered in the literature review.

4.1. Identification of foreign markets

In the second section of the questionnaire, firms were asked to identify and describe up to three foreign market exits. As a result, 25 of them (67,57%) mentioned only one exit situation (67,57%), 6 (16,22%) mentioned two exit situations (16,22%) and another 6 (16,22%) mentioned three exit situations, (16,22%), leading to 55 different exit cases identified. Figure 2 represents the distribution of the exits regarding their geography, where it is possible to conclude that Brazil, Morroco, the USA, Mozambique, and France were the main markets in terms of foreign market exits for Portuguese multinationals.

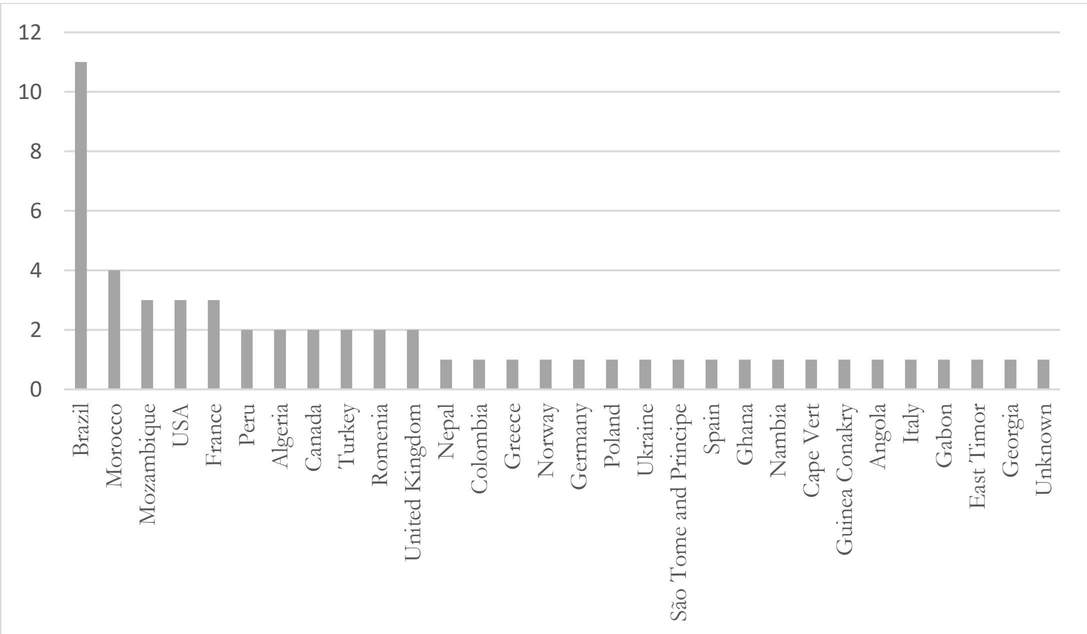

Figure 2 - Exit distribution per country

Given the great variety of countries mentioned, table 6 represents the same data in terms of regions, where Africa (29,09%), South America (25,45%), and Europe (25,45%) were the main regions where these divestments occurred.

Table 6 - Exit Distribution per geographic region

Country	**Number of Exits**	**%**
Europe	14	25,45%
Asia	4	7,27%
Africa	16	29,09%
North America	5	9,09%
South America	14	25,45%
Oceania	1	1,82%
NA	1	1,82%

Data was also retrieved regarding the duration of operations in the foreign markets and it was concluded that more than half of the companies (52,73%) left the market after less than 5 years of operating there. Long-term stay in the market followed by an exit is less usual with only 2 out of 55 examples leaving the market after more than 20 years in operation. These two examples corresponded to exits from markets outside Europe (Canada and Brazil) for firms that were established before 1960, in very distinguished industries.

However, as mentioned before, the characterization and ranting of the factors were asked to be done on the first example of foreign market exit example given by each respondent. Figure 3 represents the distribution of foreign exits further studied in the survey.

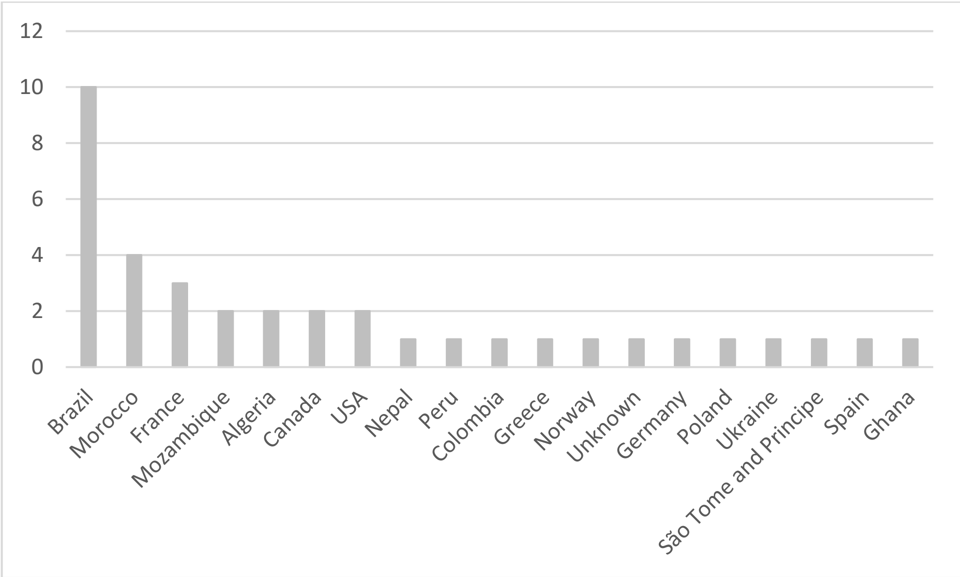

Figure 3 - Relevant exits distribution

As it is possible to understand evidenced by Figure 3, Brazil is, by far, the main market where the foreign exits occurred, followed by Morocco, and France representing respectively 27%, 10,8%, and 8,1% of the foreign exits in the study.

4.2. Drivers of foreign market exit

As mentioned previously, in the third and fourth sections of the questionnaire, information regarding the factors and moderators identified in the literature review was retrieved for each relevant market exit example (which for firms that identified more than one, corresponds to the first example given). The information regarding the characterization the firms gave to each factor and/or moderator is summarized in tables 7 and 8.

Table 7 - Distribution of factors' characterization (part 1)

Category	Factor	Characterization		
		Yes	No	Unknown
EF	Psychic Distance	18	18	1
EF	Competition in Host Market	24	13	0
EF	Partners in Host Market	19	17	1
EF	Uncertainty in Host Market	25	10	2
IPC	Previous Internalization Experience	26	11	0
		Wholly Owned Subsidiary	Joint Venture	Unknown
IPC	Ownership Level	28	9	0
		Brownfield	Greenfield	Unknown
IPC	Establishment Mode	4	32	1
		Causal	Effectual	Unknown
IF	Type of Decision Making	25	11	1
		Radical	Incremental	Unknown
IF	Type of Innovation	24	3	10
		Similar	Different	Unknown
IF	Innovation level in subsidiary and host market	18	10	9

Legend: EF: External factor when operating in the market; IF: Internal Factor when operating in the market; IPC: Internationalization Process Characteristics

Table 8 - Distribution of factors' characterization (part 2)

Category	Factor	Characterization			
		Above Average	Average	Below Average	Unknown
IF	Financial Performance	4	6	20	7
IF	Amount of Sunk Costs	14	13	4	6
IF	Quality of Human Capital	6	14	11	6
IF	Investment in R&D	2	14	9	12
		Slower than Normal	Normal	Faster than Normal	Unknown
IPC	Speed of Internationalization	7	17	9	4

Legend: EF: External factor when operating in the market; IF: Internal Factor when operating in the market; IPC: Internationalization Process Characteristics

Regarding the internationalization process characteristics (see table 7), it is possible to conclude that most firms reported the existing previous experience in the process (67,57%), that entry into the given foreign market was mostly done through the creation of a wholly-owned subsidiary (75,68%), and greenfield investment (86,49%). Finally, most of the firms (45,94%) admitted that the speed at which the process occurred was considered normal.

When already operating in the market, firms reported the existence of a high level of competition (64,86%) as well as high uncertainty (67,57%). From the results, it is possible to conclude that, upon entry, most firms reported the exitance of previous international experience (67,57%) and that entry in the given foreign market was mostly done through the creation of a wholly-owned subsidiary (75,68%) and greenfield investment (86,49%). Even though the majority of firms decided to build their business from scratch through greenfield investment, more than half of them (51, 35%) admitted to having partners in the host market. Finally, the characterization of psychic distance was very dispersed across the firms in the sample, with 48,65% of them reporting that no psychic distance existed between the host and home market and the same percentage reporting the opposite.

From the gathered data it was also possible to conclude that a great part of the firms applied a causal type of decision making (67,57%) as well as the employment of radical innovation (64,86%). Still, regarding the topic of innovation, 48,65% of firms reported that the innovation level of the host market matched their own.

The financial performance, which was previously identified by literature as one of the most important factors in the matter of foreign exit, was reported to be below average throughout years of activity by 20 firms (corresponding to 54,05% of the sample), as shown in table 8. Concerning R&D, 45,94% of the firms admitted having invested average amounts (compared to other cases of internationalization). The same did not happen regarding sunk costs, with most of the firms (45,94%) admitting an above-average amount of sunk costs were spent on the process. Finally, a great number of firms, corresponding to 45,95%, admitted an average level of human capital quality.

In the fourth section, individuals were asked to evaluate the importance of the aforementioned factors concerning the exit decision using a 5 points Likert scale. Those answers were gathered, and the average rate given was computed for each factor4. The results can be found in Table 9.

Table 9 – Rating given by respondents to factor's importance in foreign market exit decision

Factors	Importance of Factors					Total Number of Firms	Average
	1	2	3	4	5		
Financial Performance	2	4	3	8	19	36	**4,06**
Uncertainty	0	2	11	10	12	35	**3,91**
Amount of Sunk Costs	2	7	4	7	13	33	**3,67**
Competition in Host Market	2	6	12	7	8	35	**3,37**
Psychic Distance	3	6	12	5	8	34	**3,36**
Quality of Human Capital	3	6	11	6	9	35	**3,34**
Speed of Internationalization	1	6	12	5	3	27	**3,11**
Establishment Mode	3	4	15	5	4	31	**3,10**
Innovation level in subsidiary and Host Market	1	6	10	5	2	24	**3,04**
Economic Growth	5	6	8	5	8	32	**2,89**
Type of Innovation	4	1	15	4	1	25	**2,88**
Investment in R&D	3	6	9	3	3	24	**2,88**
Strategic Fit	7	4	11	5	3	30	**2,77**
Previous Internalization Experience	5	9	11	6	2	33	**2,73**
Ownership Level	8	5	12	3	2	30	**2,53**

By analyzing table 9 it is notable that financial performance was identified by the majority of firms (75%) as having mildly or strongly speed up the exit decision (that is, firms have given it a rating of 4 or 5). As a result, it is the factor with the highest average (4,06) followed by uncertainty and amount of sunk costs with averages of 3,91 and 3,67, respectively. In the case of uncertainty in the host market, 62,86% of the firms admitted that the factor contributed positively to the exit decision (that is, voted 4 or 5) while for sunk costs the percentage was only 30,30%.

[4] The importance of factors is rated as: 1 – delayed the exit decision; 2 – mildly delayed the exit decision; 3 – had no impact on the exit decision; 4 – mildly speed up the exit decision; 5 – speed up the exit decision.

On the opposite side of the spectrum, ownership level recorded the lowest overall average (2,53), with 40% of the firms rating the factor with importance only 1 or 2 (meaning, the factor contributed to the delay of the exit decision) This factor is followed by previous international experience (2,73) and strategic fit (2,77). In the case of previous international experience, 45,16% of the respondents considered it to have delayed the exit decision, while for strategic fit the percentage was 36,67%.

The remaining factors presented an overall average close to the median rank. It is the case of R&D investment (2,88), type of innovation (2,88) and economic growth (2,89), innovation level at the host market (3,04) establishment mode (3,10), speed of internationalization (3,11), quality of human capital (3,34), psychic distance (3,36) and competition in host market (3,37). These results show that, on average, firms do not perceive these factors as having impacted the exit decision

Even though this information allows the identification of which factors are considered by the firms to be relevant for the exit decision, to completely understand their influence, the analysis must be done for all possible characterizations of each factor. Great discrepancies in the importance given to the factor for its different characterizations may indicate that it plays a role in the exit decision.

Given the ordinal nature of the ranking method, the nominal and relative comparison of the different averages will not be enough to determine which factors are, in fact, important for the foreign market exit decision. Therefore, a statistical test must be conducted (Marôco, 2007).

For this case, the non-parametric Kruskal Wallis test was chosen. Even though parametric statistical tests tend to be stronger than non-parametric ones, they are not always the best option. Non-parametric tests have shown to be more robust in the cases where the sample presents a small dimension as well as an unknown distribution (Marôco, 2007), which is the present case. Within the different non-parametric tests, given that the objective is to analyze the existence of statistically significant differences between at least two groups of independent variables, with different sizes, the Kruskal Wallis test was defined to be the most appropriate choice. (AERD Statistics, n.d.; Marôco, 2007).

Therefore, using the SPSS software, the Kruskal Wallis test was applied with the following null hypothesis:

H0: The importance given to factor x is identical for the k different populations[5]

The results of the analysis as well as the computed averages for the characterizations of each factor can be found in Tables 10 and 11.

Table 10 - Average factors' importance per factor characterization and respective Kruskal Wallis Test (Part 1)

Factor	Characterization		P-value
	Yes	**No**	
Psychic Distance	3,50	2,87	**0,130**
Competition in Host Market	3,82	2,62	**0,004**
Uncertainty in Host Market	4,00	3,80	**0,475**
Previous Internalization Experience	2,61	3,00	**0,362**
	Wholly Owned Subsidiary	**Joint Venture**	
Ownership Level	2,55	2,50	**1,000**
	Brownfield	**Greenfield**	
Establishment Mode	3,67	3,00	**0,373**
	Radical	**Incremental**	
Type of Innovation	2,72	3,67	**0,049**
	Similar	**Different**	
Innovation level in subsidiary and host market	3,00	3,43	**0,556**

Legend: Cases in which the Kruskal Wallis null hypothesis is rejected (for a significance level of 5%) are highlighted in grey.

[5] In this case each population corresponds to a different characterization of the factor, i.e., for the example of Psychic Distance, one population would be those that answered "Yes" to its existence and the other the ones that answered "No".

Table 11 - Average factors' importance per factor characterization and respective Kruskal Wallis Test. (Part 2)

Factor	Characterization			P value[5]
	Above Average	Average	Below Average	
Financial Performance	2,67	3,67	4,50	**0,045**
Amount of Sunk Costs	4,00	3,27	3,33	**0,512**
Quality of Human Capital	2,60	3,00	4,09	**0,029**
Investment in R&D	1,50	3,08	3,00	**0,237**
	Slower than Normal	**Normal**	**Faster than Normal**	
Speed of Internationalization	3,00	3,08	3,38	**0,237**

Legend: Cases in which the Kruskal Wallis null hypothesis is rejected (for a significance level of 5%) are highlighted in grey.

Looking at the results of tables 10 and 11 it is possible to conclude that out of the 13 factors identified, only four (competition in the host market, type of innovation, financial performance, and quality of human capital) obtained a p-value lower than 0,05. This means that a statistically significant difference was identified in the importance given to each factor between its characterizations.

In the case of competition in the host market, the rejection of the null hypothesis indicates that its existence is perceived to influence the firm's decision to exit the foreign market. By looking at figure 4 it is possible to understand that firms that experienced competition in the host market considered the factor of competition more relevant to the speed up of the exit decision than those that did not. This conclusion is also confirmed by comparing the averages of the importance of the factor for each characterization, with firms in the "yes" group rating 1,2 higher, on average, when compared to those in the "No" group (3,82 vs 2,62 respectively).

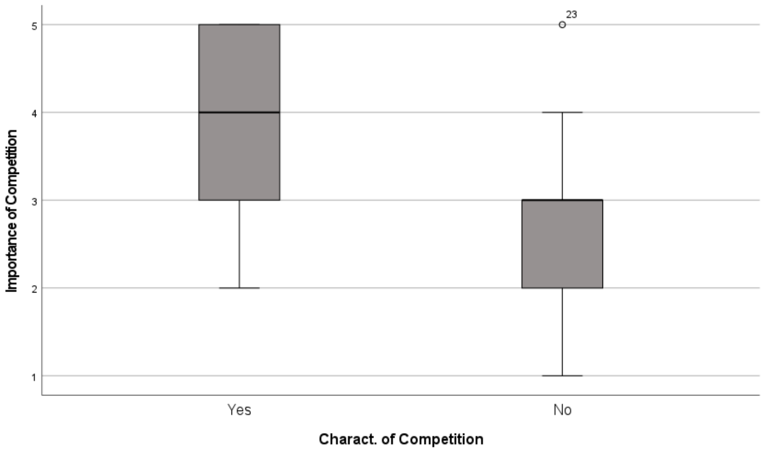

Figure 4 - Distribution of importance of competition in host marker per characterization of competition in the host market (Yes/No).

Note: The dark line represents the median, placed between the 1st quartile (lower end of the box) and the 3rd quartile (upper end of the box). The gray bars represent the maximum and minimum of the distribution while the dots account for outliers (Source: own elaboration through SPSS software)

Similar results were obtained in the case of the type of innovation. A statistically significant difference in the ranking given by the groups "Radical" and "Incremental" suggests that this factor has an impact on the exit decision. Figure 5 represents the distributions of the importance level given for each type of innovation. However, given the great discrepancy in the size of both characterization groups (with only 6 firms reporting the use of radical innovation), no conclusion can be retrieved from this graph. On the other hand, looking at the averages of each group, it is possible to understand that, on average, firms using incremental innovation considered it a bigger contributor to the exit decision than those using radical innovation (3,67 vs 2,72 respectively).

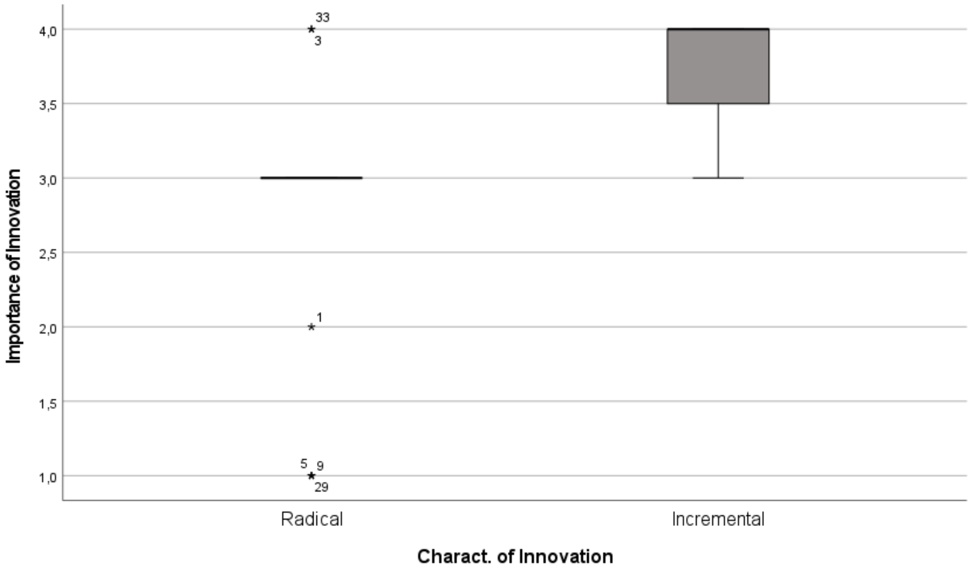

Figure 5 - Distribution of importance of the type of innovation per characterization of the type of innovation. (Source: own elaboration through SPSS software)

The rejection of the null hypothesis for the cases of financial performance and quality of human capital indicates that these factors are considered relevant for the decision of exiting a foreign market. However, the Kruskal Wallis test does not indicate which characterizations show significant differences from the others. For that, multiple comparisons were conducted to the averages (Marôco, 2007).

In the case of financial performance, the multiple average comparisons concluded the existence of a significant difference in the importance distribution of the characterization group “average” and the “Bellow Average” group (with a p-value of 0,042). Figure 5 6 allows us to understand that the “below average” group, from the three-factor characterizations, is the one where higher importance for the exit decision was given to the factor. These results are further confirmed by the computed averages of each characterization group, with the average importance of the group “Below average” being higher than “Average” and “Above average” (4,50 vs 3,67 vs 2,67 respectively).

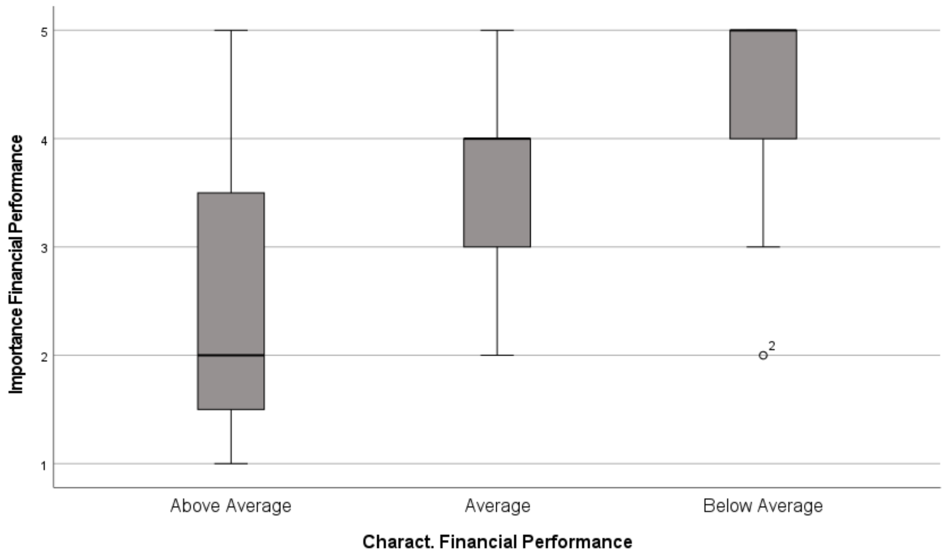

Figure 6 - Distribution of importance of financial performance per characterization of financial performance. (Source: own elaboration through SPSS software)

For the quality of human capital, the multiple average comparisons allow to conclude (see figure 7) that the group “Below Average” shows a significant difference in the importance given to the factor compared to the group “Average” (P-value of 0,02) and “above average” (p-value of 0,02). Below average is also the characterization group with the highest levels of importance being attributed to the factor. This can be verified in figure 6 7 as well as by comparing the averages of the different groups, with “below average” showing an average of 4,09 compared to 3 and 2,6 of “average” and “above average”, respectively.

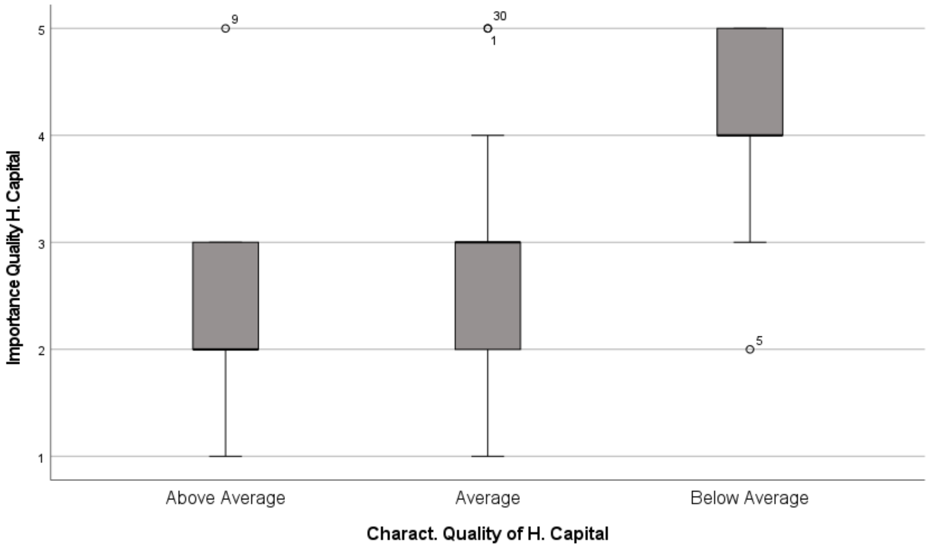

Figure 7 - Distribution of importance of competition in host marker per characterization of competition in the host market. (Source: own elaboration through SPSS software)

Regarding the other factors, even though some of them show high differences between the averages (eg. Investment in R&D with a difference between "below average" and "above average" of 1,5 and psychic distance with a difference of 0,63 between its characterizations) the Kruskal Wallis test did not find a statistically significant difference in the importance given to the factors between their characterizations.

4.3. Moderators leading to foreign market exit

As mentioned above, the importance of a factor in the foreign exit decision can be influenced by moderators that can either increase or decrease the factor's importance to speed up the process. Therefore, it is important to understand how the different characterizations of the moderators affect the importance of the factor. Once again, the Kruskal Wallis statistical test was performed in SPSS, which results can be found in table 12 along with the averages of importance given for each moderator's characterizations.

Table 12 - Average factors' importance per moderator's characterization and respective Kruskal Wallis Test.

Factor	Moderator	Charact. Of Moderator	Total Number of Firms	Average	P-value
Psychic Distance	Ownership Level	Owned Subsidiary	26	3,35	**0,6441**
		Joint Venture	8	3,00	
	Establishment Mode	Brownfield	3	3,33	**0,9482**
		Greenfield	30	3,30	
Financial Performance	Uncertainty	Yes	24	4,08	**0,6954**
		No	10	3,90	
	Sunk Costs	Above Average	14	4,64	**0,5973**
		Average	13	3,85	
		Below Average	3	3,00	
	Psychic Distance	Yes	17	4,24	**0,1914**
		No	18	3,83	
	Type of Innovation	Incremental	23	4,13	**0,5973**
		Radical	3	4,00	
Establishment Mode	Uncertainty	Yes	21	3,00	**0,5646**
		No	9	3,33	
Speed of Internationalization	Previous Experience	Yes	20	3,15	**0,7699**
		No	7	3,00	
Strategic Fit	Psychic Distance	Yes	15	2,87	**0,5617**
		No	15	2,67	

In most of the cases, a small difference was noted between the averages for the different groups (characterizations): the importance average of financial performance showed a difference of 0,15 for the different types of innovation (radical and incremental) and 0,18 for the different groups regarding uncertainty. That difference was even smaller regarding the importance of psychic distance for the different types of establishment mode -greenfield and brownfield investment – with averages of 3,3 and 3,33 respectively.

In some other cases, the difference recorded was substantially higher, being the example of the effect of sunk costs on financial performance's importance. In this case, the average importance of financial performance when sunk costs were considered "above average" was 1.64 points higher than when those costs were considered "below average". A similar result was obtained in the effect of psychic distance on the same factor, where companies that considered the existence of such distance ranked the financial performance's importance 0,41 points higher, on average than those that denied its existence.

Even though some factors showed considerable differences in the average importance between groups, when applying the Kruskal Wallis test, no statistically significant difference between characterizations' groups was found, since all p-values obtained were higher than 0,05. These results may derive from the great differences in sample sizes between the characterizations (for example, concerning the effect of establishment mode on the psychic distance, where only 3 cases entered the market through brownfield investment, while 30 cases occur through greenfield).

4.4. Additional factors

In the final question of the survey, the respondents were asked to mention other factors that were perceived relevant to the exit decision that was not mentioned in the previous sections. Out of the 37 firms, 18 responses were retrieved (corresponding to 48,65%). Given that it was an open-ended question, the responses were grouped into 8 main categories that can be found in table 13.

Table 13 - Additional factors that contribute to exit mentioned by the firms

Type	Factor	Number of firms
External	**Corruption/Lack of Transparency**	3
	Legal issues	1
	Financial Crisis	3
	Lack of financial support from the home country	1
	Host market strictness/lack of acceptance	3
Internal	**Priority changes inside the firm**	3
	Lack of planning/preparation	1
Other	**Other reasons**	3

Table 13 shows that 16,67% of the firms, that identified additional factors, mentioned financial crisis as an additional reason for the exit decision. The firms at stake had their exits in the years 2013, 2020, and 2021, which coincides with the recent financial crisis of 2008 and covid. An equal percentage of firms mentioned the existence of corruption or lack of transparency in the host market as another driver of the exit decision. In these cases, all the host markets corresponded to developing countries outside of Europe, namely Morocco and

Brazil. Other companies (16,67% - corresponding to three firms) identified the market strictness and the lack of acceptance in the market. In these cases, firms faced difficulties in their operations in the market due to excessive protection and preference given to domestic firms.

Legal issues and lack of financial support were also factors identified as being important for the foreign exit decision (both being identified by one company).

Looking at internal factors, three firms (16,67%) reported the exit as being influenced by a change of strategy inside the company, shifting the resources to other markets or other worthy investments. One single firm (5,56%) mentioned the lack of preparation and planning before entering the new foreign market as a driver of the exit decision. The exit in question was from the US market, from a firm that reported no previous international experience.

Other factors were mentioned as being relevant to the exit decision, however, due to their great specificity, they were included in the category "other reasons", that account for 16.67% of the answers. These include, for example, the end of contracts and retirement by the main stakeholders.

4.5. Discussion

As previously stated, foreign market exit is a phenomenon that has not been extensively studied and the results from previous empirical studies cannot be too broadly generalized Tan and Sousa, 2019). As a result, this research tries to shed light on the identification and understanding of the factors that are relevant to the foreign market exit decision by Portuguese multinationals.

The elaboration of this research allowed to understand that most Portuguese multinationals who decided to exit from foreign markets do so within the first 5 years of f operating in the market. Moreover, most cases of exit occurred from foreign markets located in Africa, South America, or Europe.

The decision of Portuguese firms to leave the foreign market after a few years in operation can be explained by the previously proven risk aversion of Portuguese companies (Rieger et al., 2015). Not willing to engage in riskier activities and investments, firms opt to leave the market even in its early years. The same reasoning is applied to the choice of the host market: due to their aversion to risk, firms opt for countries that present low psychic distance to the home market. That is the reason why a great part of the markets identified correspond to old Portuguese colonies or are placed in Europe.

In addition, it was discovered that firms consider financial performance, amount of sunk costs, and uncertainty in the host market as the factors that most contributed to the foreign exit decision, while strategic fit, previous international experience, and ownership level are perceived as the main delayers of the decision. However, a statistically significant difference between the factor's characterizations (that indicate that the factor has a significant impact on the exit decision) was only found for the case of financial performance, competition in the host market, type of innovation, and quality of human capital. Meanwhile, no moderator was shown relevant enough to impact the effect of the existing factors on the decision process. Furthermore, firms also identified other factors, not previously mentioned, as contributors to the foreign exit decision. These included corruption in the host market, financial crisis, priority changes in the company, and lack of acceptance in the host market.

The results obtained have shown that competition in the host market is a relevant factor for the exit decision of Portuguese enterprises and that its existence speeds up the exit decision process. These findings go along with Hypothesis 2 formulated in the literature review that stated that "Higher competition in the host market is perceived as contributing to the foreign market exit decision". They are also aligned with the previous finding of Cefis et al., (2021) that identified competition in the host market as a driver of the exit decision. These results are supported by the transactional cost theory since firms operate in a market if the management costs are lower than the costs of going to that given market (Coase, 1937). An increasing competition rises the costs of operating in the market which eventually will surpass the costs of resorting to the market and will push the firm to cease its operations.

In the case of the factor "type of innovation", the analysis has concluded that the use of incremental innovation is perceived as being a higher contributor to the exit decision than the use of radical innovation. This finding contradicts hypotheses 11 and 12 which stated that the employment of radical innovation was perceived as a contributor to the exit decision, while incremental innovation was seen as a delaying factor. Besides, it also contradicts previous findings of Sousa & Tan (2019). As previously explained, the use of radical innovation is expected to generate resources and capabilities that allow a sustainable position in the market in the long run. As a result, the firms have fewer capabilities to deal with bad results in the short run, which turns managers less time tolerate and unwilling to keep operating in the market, facilitating the exit decision (O'Reilly & Tushman, 2013). These results become even more contradictory when considering the fact that Portuguese firms tend to be risk-averse (Rieger et al., 2015). Considering that, it would be expected for more firms to engage in the use of incremental innovation that guarantees the creation of competitive advantages in the short-term instead of radical innovation which by being more long-term focused, entails more risk.

However, one can argue that since managers from firms that employ radical innovation are "long-term focused" they may be willing to support bad short-term results with the hope of a sustainable position in the market to be obtained in the future (with the resources and capabilities generated by the radical innovation), which may explain the contradictory findings concerning the type of innovation. At the same time, the results can be explained by the lack of sufficient data retrieved which led to sampling groups being very heterogeneous in terms of sizes. In the case of the type of innovation that discrepancy is clear with only 3 firms reporting the use of incremental innovation, compared to 30 firms using radical innovations.

Financial performance was also shown to have a significant impact on the foreign market exit decision, with a below-average financial performance being considered a bigger contributor to the foreign exit decision in comparison to higher performing levels. These results go along with hypothesis 6 mentioned in the literature review that stated that "Bad financial performance at the foreign subsidiary level is perceived as a contributor to foreign market exit decision", supporting the findings of Tan & Sousa (2015) and Schmid & Morschett, (2020). According to the resource-based view, the success of a firm depends on the asset and resources it holds and a lack of those resources may increase the probability of ceasing its operations and exiting the market (Schmid & Morschett, 2020). The results concur with this theory since below-average financial performance can be seen as a lack of financial resources inside the firm, which would eventually contribute to the exit in the market at stake, as pointed out by previous literature.

Lastly, the quality of human capital was also shown to be relevant for Portuguese multinationals. The existence of low-quality human capital speeds up the exit decision process. These findings go along with hypothesis 14 which states that low-quality human capital is perceived as a contributor to foreign market exit. According to the organizational learning theory, human capital is what allows the creation of learning systems that eventually leads to the construction of competitive advantage (Basten & Haamann, 2018). A low-quality human capital, including the management team, may hinder the process of knowledge and learning creation, preventing the firm to obtain an advantage in the market and leading to its exit from the market. The results are aligned with the research done by Cefis et al., (2021), which concluded that human capital has a negative relationship with foreign exit decisions.

The remaining factors analyzed did not show a significant contribution or delaying effect on the exit decision, however, uncertainty in the host market showed very intriguing results. According to the results, firms that reported the existence of uncertainty in the host market attributed it higher importance to exit decisions, than those where that factor was not present. Uncertainty in the host market was considered by firms one of the factors with higher importance for the decision. These findings go against hypothesis 5 which stated that the existence of high uncertainty in the host market is perceived as a delaying factor of the foreign market exit decision when faced with unpredictability, decision-makers opt to wait until more information is gathered to decide whether to leave or not the foreign market (Tan & Sousa, 2015). This contradiction may be explained by the risk aversion characteristics of the Portuguese firms (Rieger et al., 2015), which faced with uncertainty opt to exit the market and not wait for more information to be gathered. Another possible explanation is again related to the size of the samples and the scope of firms reached during the research however, this topic will be further discussed in the conclusion chapter.

The sample size may have also been the reason why no moderators were considered to have a significant impact on the influence the factors have on the decision to leave a foreign market. This lack of significance did not allow us to prove Ozkan (2020)' idea that a firm's behavior results from the interaction of different factors.

The final results regarding the hypothesis tested can be found in Table 14.

Table 14 - Hypothesis tested and results (part 1)

Nr	Hypothesis	Results
1	High psychic distance between the home and host market is perceived as a factor that contributes to the foreign market exit decision	No conclusions
1.A	The importance of psychic distance on foreign market exit decisions is moderated by the mode of establishment and the ownership level regarding the subsidiary.	No conclusions
2	Higher competition in the host market is perceived as contributing to the foreign market exit decision.	Confirmed
3	High economic growth in the host market is perceived as a delaying factor in the foreign market exit decision.	No conclusions
4	The existence of partners or extensive networks in the host market is perceived as a delaying factor in the foreign market exit decision.	No conclusions
5	The existence of high uncertainty in the host market is perceived as a delaying factor in the foreign market exit decision.	No conclusions
6	Bad financial performance at the foreign subsidiary level is perceived as a contributor to foreign market exit decisions.	Confirmed
6.A	The importance of financial performance on foreign market exit decisions is moderated by the psychic distance between the home and host market.	No conclusions
6.B	The importance of financial performance on foreign market exit decisions is moderated by the uncertainty level of the host market.	No conclusions
6.C	The importance of financial performance on foreign market exit decisions is moderated by the amount of sunk costs.	No conclusions
6.D	The importance of financial performance on foreign market exit decisions is moderated by the type of innovation used at the subsidiary level.	No conclusions
6.E	The importance of financial performance on foreign market exit decisions is moderated by the strategic fit between the parent firm and the foreign subsidiary.	No conclusions
7	Misallocation of resources at the foreign subsidiary level is perceived as a contributor to foreign market exit decisions.	No conclusions
8	A good strategic fit between parent firm and a foreign subsidiary is perceived as a delaying factor in foreign market exit decisions.	No conclusions
8.A	The importance of strategic fit between the parent firm and foreign subsidiary is moderated by the psychic distance between home and host market.	No conclusions
9	A high amount of sunk costs is perceived as a delaying factor in foreign market exit decisions.	No conclusions
10	Matching innovative technological levels between the subsidiary and host market is perceived as a delaying factor in foreign market exit decisions.	No conclusions
11	Incremental innovation is perceived as a delaying factor in foreign market exit decisions.	Contradicted
12	Radical innovation is perceived as a contributor to foreign market exit decisions.	Contradicted
13	A low level of R&D investment is perceived as a delaying factor in foreign market exit decisions.	No conclusions
14	Low-quality human capital at the subsidiary level is perceived as a delaying factor in foreign market exit decisions.	Confirmed
15	Effectual decision-making is perceived as a delaying factor in foreign market exit decisions when the subsidiary is faced with little knowledge and uncertainty in the host market.	No conclusions
16	The level of control of the foreign subsidiary is perceived as a delaying factor in foreign market exit decisions.	No conclusions

Table 15 - Hypothesis tested and results (part 2)

17	The mode of establishment in the foreign market subsidiary is perceived as a delaying factor in foreign market exit decision	No conclusions
18	Previous international experience is perceived as a delaying factor in foreign market exit decisions.	No conclusions
19	The fast internationalization process is perceived as a contributor to foreign market exit decisions.	No conclusions
19.A	The importance of the speed of internationalization is moderated by the psychic distance between home and the host market	No conclusions

Finally, as firms had the opportunity to add factors that were found relevant for the exit that was not included in the study, new hypotheses can be created on the factors that contribute to the exit decision. Corruption/lack of transparency in the host market was one of those new factors identified. This mention can be justified in the light of the resource-based view and transaction costs theory. The lack of transparency and corrupt practices of the market may hinder the obtaining of resources and capabilities by the firm that allows the achievement of competitive advantage (Miller, 2019). Therefore, it will be much harder for firms to compete sustainably in the market, increasing the costs of operating in such a market. According to the transaction cost theory, firms will opt to exit the market when the costs of operating in the market are higher than the transaction costs (Coase, 1937). Therefore, it is expected for corruption to be a contributing factor to the foreign market exit decision.

The same reasoning is applied to the other factor identified "lack of acceptance in the market". Favoritism of domestic firms and difficulties in accepting foreign firms turn the costs of operating in the market much higher for the Portuguese firms which, according to the transaction costs theory, may incentivize them to cease their operations (Coase, 1937).

The existence of global financial crisis was also mentioned by some firms. In this case, a financial crisis can hinder the financial performance of the firm which lacks the financial resources necessary to gain a competitive advantage in the market and will decide to leave the foreign market (Resource-based view - Wiklund & Shepherd, 2003). This becomes more evident as previous research shows that market exit rates are higher for foreign firms compared to domestic firms (Cefis et al., 2021).

Finally, a change of priorities of the parent company also seems to play a part in the firm's decision of exiting the market. In fact, business failure is not the only reason to leads firms to exit foreign markets. As mentioned before, the decision may derive from resource management or strategic redefinitions (Schmid & Morschett, 2020).

5. Conclusion

This study aimed to investigate and identify the factors that influence the foreign market exit decision for Portuguese multinational enterprises. Even though this type of research was previously conducted by other authors in academia, the specific characteristics of Portuguese firms and the market turned this analysis relevant to the achievement of better insights regarding the behavior of Portuguese multinational firms.

Apart from bringing useful insights into the behavior and characteristics of Portuguese firms, this study can be used as a source of knowledge for enterprises that intend to engage in the internationalization process. Previous literature has shown that firms tend to learn more from failures than successes and that understanding the reason behind failures allows the acquisition of knowledge that will prevent other future moments of failure (Madsen & Desai, 2010). Therefore, this study can be used as both theoretical and practical guidance regarding the topic of foreign market exit.

The results obtained show that Portuguese firms are influenced by both internal and external factors. Relevant results were found on the influence financial performance, human capital, competition in the host market and type of innovation have on the exit decision. According to the results obtained, bad financial performance at the subsidiary level is perceived as a driver of the exit decision of leaving the foreign market. The same relation was identified for the case of low-quality human capital and competition in the host market, with their existence being perceived as a factor that contributed to the cease of operations in the foreign market. Meanwhile, the employment of incremental innovation was shown to have a significantly higher contribution to the foreign exit decision than the employment of radical innovation.

In addition, no significant results were found regarding the moderation of the factor's effect by other factors (moderators). Even though previous literature shows that the impact of financial performance on the exit decision is influenced by several other factors (such as strategic fit and sunk costs), no significant differences were found in the importance given to the financial performance when those moderators were present.

In conclusion, this study proved that even though Portuguese multinationals show singular characteristics, most of the factors identified as relevant to the decision of leaving a foreign market are in line with previous literature.

Nevertheless, this study has encountered some limitations. One example was the reduced size of the sample obtained. Even though non-parametric tests are expected to be applied in small samples, the reduced size of the one obtained might have impacted the robustness of the statistical tests applied and consequently the results obtained. The nature of the topic of study was one of the main obstacles to obtaining more survey answers. Given that the subject refers to previous failures of firms, managers and other high representatives may not feel comfortable/be willing to share their experience failures (Benito & Welch 1997). In addition, time constraints and the lack of persistence to obtain more answers to the survey also contributed to the small volume of the sample.

Another limitation of the study regards the structure of the survey. Given the great list of hypotheses to be tested, a thorough analysis of the subject would require an extensive and complex survey. This would eventually impact the answer rate, which is already low due to the nature of the topic of study. Therefore, a simplified survey was conducted that even though may not lead to a very thorough conclusion, allow the achievement of coherent results.

Despite its limitations, this study can be seen as an introductory analysis of a subject that holds interesting and important insights. The implementation of a broader study that could include a higher scope of Portuguese multinationals could lead to the identification of new factors that due to the limitations of this study were not perceived as relevant to the foreign market exit decision. Besides, contrary to what previous literature shows, the results of the study lead to the conclusion that there were no moderating effects in the foreign exit decision by Portuguese multinationals Therefore, it would be interesting to further investigate these findings to understand if this is a common behavior for Portuguese multinationals or if these results were obtained due to the limitations of the sample used

Furthermore, the unexpected results obtained regarding the effect of uncertainty in the host market (that, even though not statistically significant) should be analyzed comprehensively to understand if such behavior is exclusive to Portuguese enterprises or if it applies to worldwide multinationals.

Finally, the additional factors identified as having a possible influence on the foreign exit decision are worthy of future study, not only regarding Portuguese multinationals but also at a general level.

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7. Appendix 1 - Questionnaire

Fatores que levam à saída de mercados estrangeiros

Este questionário está inserido no contexto de um projeto de investigação a decorrer na Faculdade de Economia da Universidade do Porto. Com o título "Fatores que levam à saída de mercados estrangeiros", tem como objetivo a identificação dos fatores que são relevantes na decisão de saída de mercados estrangeiros por parte de multinacionais portuguesas. Trata-se de um assunto relevante não só a nível académico como também a nível empresarial, uma vez que um melhor conhecimento acerca das razões de êxodo anteriores leva à prevenção da futura ocorrência dos mesmos.

O questionário é rápido e simples (demora cerca de 5 minutos a ser preenchido), sendo vital para o desenvolvimento deste projeto de investigação.

Os dados recolhidos serão tratados em agregado e os resultados obtidos serão utilizados apenas para fins académicos. O nome da empresa permanecerá anónimo, nunca sendo mencionado no estudo.

Solicitamos que responda com sinceridade e naturalidade a todas as perguntas. Muito obrigada pela sua colaboração.

Informação Geral

1. Indique o nome da empresa. *

    ______

2. Indique a posição que ocupa na empresa. *

    _____

3. A empresa teve/tem subsidiárias estrangeiras? *

    ______

4. Ao longo da história da empresa, já houve algum abandono/saída de um mercado estrangeiro por parte de uma subsidiária? *

    ______

Saída de Mercados

Nesta secção deverá providenciar informação sobre as saídas de mercados estrangeiros por parte da empresa. Se o número de casos for superior a três, por favor indique as três saídas que considera mais relevantes.

Para cada situação, indique:

- Mercado abandonado / Ano de saída / Tempo em atividade no mercado

5. Situação 1 (Mercado / Ano / Duração)*

______

6. Situação 2 (Mercado / Ano / Duração)

______

7. Situação 3 (Mercado / Ano / Duração)

______

Identificação dos Fatores

Notas Importantes:

- Mercado de origem: mercado onde a sede se encontra (Portugal).
- Mercado de acolhimento: mercado onde a subsidiária operava.

As respostas devem ser dadas de acordo com o mercado identificado na Situação 1.

8. Considera que *

Distância psicológica: diferenças a nível da língua, educação, cultural e práticas entre o mercado de acolhimento e o mercado de origem.

	Sim	Não	Não sabe / Não responde
Distância psicológica: diferenças a nível da língua, educação, cultural e práticas entre o			

mercado de acolhimento e o mercado de origem.			
Existia grande competitividade no mercado de acolhimento?			
A empresa tinha parceiros relevantes no mercado de acolhimento?			
Existia grande incerteza no mercado de acolhimento?			

9. Como define *

   A comparação deve ser feita com as restantes subsidiárias estrangeiras da empresa.

	Acima da Média	Igual à Média	Abaixo da Média	Não sabe / Não responde
A performance financeira da subsidiária?				
A qualidade do capital humano na subsidiária?				
O investimento feito em I&D na subsidiária?				
O nível de custos afundados na subsidiária?				

10. No momento de entrada no mercado em questão, a empresa tinha experiência em processos de internacionalização? *

    Sim | Não | Não sabe/Não responde

11. Qual dos seguintes descreve melhor o processo de tomada de decisão existente na subsidiária? *

A empresa avalia os recursos que possui e formula objetivos baseado nos mesmos | A empresa define um objetivo e trabalha para obter os recursos necessários para tal | Não sabe / Não responde

12. Qual o grau de participação da casa mãe no capital da subsidiária? *

    Subsidiária integral (participação a 100%) | Joint Venture (capital partilhado com outras empresas) | Não sabe / Não responde

13. Qual das seguintes opções melhor define o estabelecimento da subsidiária no mercado estrangeiro?

    Subsidiária criada do zero | Subsidiária criada pela aquisição de empresa já presente no mercado |Não sabe/Não responde

14. Como define o tipo de inovação usado pela subsidiária? *

    Inovação incremental |Inovação radical (com transformações substanciais) |Não sabe / Não responde

15. O nível de inovação da subsidiária era semelhante ao nível de inovação do mercado?*

    Sim | Não | Não sabe / Não responde

16. Como define a velocidade a que a empresa se expandiu para o mercado estrangeiro? * Em comparação com outras expansões internacionais da empresa

    Mais rápido que o normal | Normal |Mais lento que o normal | Não sabe / Não responde

Relevância dos Fatores

Classifique numa escala de "1 – atrasou a saída" a " 5 - acelerou a saída", de acordo com o tipo de contribuição que o fator em questão teve na decisão de saída do mercado.

Por exemplo: se um certo fator x levou de forma clara a empresa a prolongar a sua presença no mercado, independentemente de outros fatores, deverá marcar como "1 atrasou a saída".

17. Grau de Importância

	1 (Atrasou a saída)	2	3	4	5 (Acelarou a saída)	Não sabe / Não responde
Distância psicológica entre mercados						
Competitividade no mercado de acolhimento						
Crescimento económico no mercado de acolhimento						
Incerteza no mercado de acolhimento						
Experiência de internacionalização						
Performance financeira da subsidiária						
Capital humano da subsidiária						
Diferença de estratégias entre empresa mãe e subsidiária						
Investimento em I&D da subsidiária						
Custos afundados da subsidiária						
Grau de participação no capital da subsidária						
Modo de estabelecimento no mercado de acolhimento						
Tipo de inovação na subsidiária						

Nível de inovação do mercado de acolhimento						
Velocidade da Internacionalização						

Fatores Adicionais

Considera que existe outro(s) fator(es) relevante(s) para a decisão de saída do mercado estrangeiro que não foi mencionado nas secções anteriores? Se sim, por favor indique qual ou quais.

18. Considera que existe outro(s) fator(es) relevante(s) para a decisão de saída do mercado estrangeiro que não foi mencionado nas secções anteriores? Se sim, por favor indique qual ou quais.

Finalizar

Muito obrigado pela sua contribuição. Esta é fundamental para a extensão dos estudos em negócios internacionais.

Relembro que toda a informação obtida será tratada de forma confidencial.

Se desejar ter acesso aos resultados e conclusões finais ou se tem alguma questão, por favor contacte up202000801@up.pt

Muito obrigada!