

THE ANTECEDENTS AND CONSEQUENCES OF EMERGING MARKET
DIVESTITURES¹

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Abstract:

Divesting assets owned in emerging markets has substantive consequences for the multinational corporation. In this paper, we examine two dimensions surrounding the decision to divest a business in an emerging market: institutional effects impacting the timing of the divestiture, and the effects of the ownership structure on the stability of the venture. Also, we explore the consequences of divestment on the sale price of the assets. We use a proprietary database of all acquisitions in Argentina (> US\$1 million) for the period 1990-2002 to test our hypotheses. Our evidence supports the existence of institutional and ownership effects on the propensity to divest, which in turn affect the divestiture price.

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The Antecedents and Consequences of Emerging Market Divestitures

During most of the 1990s, emerging markets were looked upon as very attractive hosts for foreign investment. Much of the money that flew into these countries was spent on the acquisition of local firms, a trend furthered by the spread of market liberalization programs which allowed for the purchase of many former state-owned enterprises. Not surprisingly, then, much attention in the academic and managerial literature has been paid to the different mechanisms that were used to enter these markets, and the challenges associated with doing so.

Much less focus has been placed on the process of exit, or the divestiture of assets in emerging markets, despite some early work (Boddewyn, 1983; Duhaime, 1983; Duhaime & Grant, 1984). Although researchers have argued that divestment is a common mechanism used by firms to reconfigure their resources and activities (Bowman & Singh, 1993; Capron, Dussauge, & Mitchell, 1998; Hoskisson, Johnson, & Moesel, 1994), recent work still claims that the issue of corporate divestitures remains “strategy’s missing link.” (Dranikoff, Koller, & Antoon., 2002).

The objective of this paper is to analyze the antecedents and the consequences of the decision to divest a business in emerging markets. We look at the effects of both the macro-environment and firm-specific attributes on the propensity to divest these assets. With regards to the first, we look at the effect of the economic cycle on the willingness of the corporation to hold or divest the asset. We then tie this in to the latter by assessing how this effect interacts with the ownership structure of the investment. We then evaluate whether these environmental and firm factors impact the likelihood that the divestiture will result in a profit or a loss. The empirical part of our analysis is conducted using a proprietary database of our own creation, consisting of all acquisitions and divestitures over US\$1 million undertaken in Argentina between 1990 and 2002.

Our contribution to the literature is threefold. First, we address a neglected topic that has important consequences for the strategic management of the firm, for its international strategy, and for its finances. Second, we begin to probe whether there are patterns or waves of divestments that cannot be fully explained by the realities of the firms themselves. Investments and divestments are perceived as being generally driven by the individual conditions of the firm (see, for example, Duhaime & Grant, 1984), but we contribute here with one of the first studies to address whether there are institutional effects in emerging market divestments. Finally, we explore the consequences of these patterns and prior structural arrangements on the sale price.

The remainder of the paper is divided into five parts. First, we address the theoretical context in which we analyze this issue, in particular the effect of the environment versus firm levels of analysis on firm behaviour, and propose several hypotheses regarding the antecedents and consequences of

divestiture. This is followed by a brief discussion of the Argentine context that led to the rapid entry of many foreign firms, and later to their departure. We then discuss our methodology and descriptive statistics of the sample. Empirical findings are then presented, followed by conclusions and implications.

Foreign direct “divestment”

Divestment, foreign or not, is usually defined as the “partial or complete sale or disposal of physical and organizational assets, shut down of facilities, and reduction of work forces of target or acquirer businesses” (Capron, Mitchell, & Swaminathan, 2001). Divestitures can be classified as sell-offs when the divested assets are purchased and become part of another firm; as leveraged buyouts when the assets of a company, or a subsidiary of a company are bought by an investor group that includes the management of the organization being sold; and as spin-offs when a firm distributes to its existing shareholders all of the common stock it owns in a controlled subsidiary, creating a separate publicly-traded company (Woo, Willard, & Daellenbach, 1992)

As emphasized by many authors (Drankoff, Koller, & Antoon., 2002; Li, 1995; Mata & Portugal, 2000), the issue of divestitures is one that has received disproportionately less attention in the literature than its natural counterpart, acquisitions, a void pointed out by researchers as early as 1983 (Boddewyn, 1983; Duhaime & Grant, 1984). Studies that have focused on divestitures are generally interested on how related or unrelated diversification influences a firm’s propensity to divest (Bergh & Lawless, 1998), on how the strategic similarities between the acquirer and the target explain divestment (Capron, Mitchell, & Swaminathan, 2001), or on how prior acquisition intensity or acquisition binges may lead to increased divestment at a later stage (Linn & Rozeff, 1984; Ravenscraft & Scherer, 1987, , 1991). Although several authors have emphasized that divestments can be a part of the strategic reconfiguration of the company businesses and resources (see, for example, Bowman & Singh, 1993; Capron, Dussauge, & Mitchell, 1998; see, for example, Capron, Mitchell, & Swaminathan, 2001; Hoskisson, Johnson, & Moesel, 1994), the literature on discontinuance of operations almost invariably perceives divestments as negative events and describes them as such: terms like “mortality”, “closure”, “death”, and “failure”, are used, among others (Caves, 1998; Gimeno, Folta, Cooper, & Woo, 1997). Like Capron and associates, here we adopt a more neutral view and study divestments as normal business decisions that are, in principle, influenced by the situation of the headquarters, the subsidiary, and the market in which they operate (Capron, Mitchell, & Swaminathan, 2001).

Most published studies on the topic focus on domestic divestments in developed markets (Hamilton & Chow, 1993 is an exception to this trend.). Following the lead of Boddewyn’s seminal work (Boddewyn, 1983), a few recent papers have looked at divestment of foreign assets (Li, 1995; Mata & Portugal, 2000). While Boddewyn was interested in the differences between investment and

divestment in foreign markets, recent work attempts to assess whether or not the initial mode of entry into the foreign market influences the hazard of exit. We build upon that work by analyzing the likelihood of divestiture in emerging markets as a result of factors operating at both the firm level (e.g., ownership structure) and the environmental level (e.g., economic cycles in the host country).

We start our analysis by looking at the macro environment and its effect on firm behaviour. Then, we focus on institutional effects that would push foreign firms to divest for reasons that are not directly related to the attributes of the assets they control. Drawing upon institutional theory and related organizational literature, we hypothesize about the effect the local environment has on the propensity to exit via divestitures. The impact of environmental circumstances on firm behaviour, however, may well be conditioned by the presence of certain factors idiosyncratic to the firm. Bergh and associates for example, focus on the differences between divested and retained unrelated acquisitions, suggesting that firm factors such as motives at the time of acquisition and quality of implementation of the acquisition strategy affect the propensity to divest an unrelated acquisition (Bergh & Lawless, 1998). Building on their findings and theories of joint venture governance, we explore the issue of control and the challenges associated with sharing it with a local partner. In doing so, we address directly whether or not ownership structure influences the propensity to divest.

An underlying assumption of much of the literature is that timing matters. A divestment done precipitously as a result of either pressures from the environment or difficulties in managing the operation may not be optimally timed, (Drnikoff, Koller, & Antoon., 2002) and may well affect the sale price. We know, however, that a properly timed sale can create value for the seller, so divestments should not be looked upon as systematically negative. Consequently, we add a set of parallel hypotheses regarding the effect of our dependent variables on the sale price achieved during the divestment. This leads us to the following conceptual framework, which we examine below.

Insert Figure 1 About here

Institutional influences on the decision to divest

From an organizational theory perspective, institutions are socially constructed patterns of behaviour that guide the behaviour of actors in a field, doing so mainly by defining the range of appropriate and inappropriate activities these actors may engage into (Berger & Luckmann, 1966; J.W. Meyer & Rowan, 1977; Zucker, 1977). Institutional forces guide social action because very frequently social actors rely on common rules, norms and taken-for-granted assumptions to behave in an 'appropriate' manner. This is particularly true in times of uncertainty, when cause and effect relationships are unclear. Due to its interest in rules and the behaviours they facilitate, institutional theory is generally seen as "an explanation of the similarity ("isomorphism") and stability of

organizational arrangements in a given population or field of organizations” (Greenwood & Hinings, 1996, p. 1023). The traditional writings of institutional theory (e.g. P. J. DiMaggio, 1991; Paul J. DiMaggio & Powell, 1983; J.W. Meyer & Rowan, 1977; e.g. J.W. Meyer & Rowan, 1983; Powell & DiMaggio, 1991) focus on the role of institutions in reducing variety among organizations, limiting the choice of social actors, and stabilizing the practices, technologies, and rules that characterize a particular institutional field (Leblebici, Salancik, Copay, & King, 1991). From this perspective, institutional forces reduce choice and produce similarity in organizational characteristics, and on the decisions they make. Institutional forces also influence the rationales used to justify their behaviors. Thus, organizations may make substantive decisions that are not in their best economic interest because they are compatible with the pressures they receive from the institutional environment in which they operate.

Institutional theory proposes that organizations systematically look for referents in their field or in fields nearby to detect and later implement legitimate answers to uncertain situations. In spite of the economic goals they may have, firms often search for environmentally legitimated responses even if there is no specific evidence they will resolve the situation or create value. In the case of divestment, for example, it has been noted that “highly diversified firms divested when environmental uncertainty increased and acquired when environmental uncertainty decreased” (Bergh & Lawless, 1998). This is consistent with Duhaime and associates’ view, who theorized that divestments and acquisitions are so complex and ambiguous that managers used cognitive simplifying processes to make divestment decisions (Duhaime & Schwenk, 1985).

We hypothesize that pressures stemming from the economic and institutional environment may cause firms to behave in isomorphic ways also when it comes to acquiring and divesting assets in emerging markets. Just as entry of firms into many high-growth areas can be tied to institutional pressures, so can their exit. Investment in foreign countries are nearly always more complex than local investments, and involve a higher degree of uncertainty even for firms that are familiar with the local environment. This is so because the economic systems of emerging markets tend to be riskier and more volatile than those of developed economies. Also, emerging markets present other sources of uncertainties that are not common in more stable places: 1) uncertainties about the continuation of favorable economic policies (e.g., devaluation, sovereign default, etc.); 2) uncertainties about the stability of the government (e.g., coups d’état, riots, unstable and/or weak governments, etc.) and the social contract in general; and 3) uncertainties about the presence of an impartial judiciary system that can enforce the realm of law, guarantee the validity of prior contracts, and punish those violating them (e.g., confiscation of assets, unstable and/or unfair taxation system, retroactive taxes and contributions, etc).

Following our reasoning, a starting point is to assess whether the decision to divest, at the aggregate level, shows signs of institutional effects or not. Stated as a hypothesis, we claim that,

Hypothesis 1: Divestitures will lump around periods of crisis, where the macro-environment creates uncertainty that cannot be resolved at the firm level.

Ownership structure and the decision to divest

Here we address the issue of ownership structure. Different studies have indicated how the choice of the entry mode in a foreign market (that is, greenfield, acquisition or JV) is an important part of a firm's foreign investment strategy, and how this choice may affect the survival of foreign entrants (Chang & Rosenzweig, 2001; Mata & Portugal, 2000). For example, Mata and Portugal (2000) have hypothesised that fully-owned firms are less likely to be divested than JVs. This subject is particularly important in the case of emerging market acquisitions as most of them tend to involve the purchase of less than 100 percent of the shares in the company, mostly with the stated objective of reducing risk and uncertainty (F. J. Contractor, 1987). As such, most of these acquisitions also have to deal with the challenges of joint ownership.

Borrowing from strategic alliance theory (F. Contractor & Lorange, 1988; P. Killing, 1984), we reason that exit from the market will be more prevalent in the case of investments in which there is no dominant player but rather a more equal distribution of ownership between several players. Such ownership structures tend to share control for decisions amongst the partners, adding to the complexity of managing the entity. In these situations, even minor shifts in environmental conditions can lead to changes in the bargaining power of the partners, thus leading to unstable situations that increase the chances of termination of the deal (Inkpen & Beamish, 1997). This is particularly true during tough times when ties between the two parties can be strained, increasing the potential for an eventual dissolution or sale by one party. Therefore, we consider these arrangements to be more unstable and, as a consequence, more vulnerable to failure.

By contrast, when there is a dominant owner, either when the foreign player takes control or when the local player does and thus the foreign investment is a portfolio investment, we would expect these investments to be less problematic to manage. As such, we hypothesize that:

Hypothesis 2: Firms which are most likely to be sold off are those with less stable ownership structures that do not have a dominant partner.

This hypothesis builds upon the work of Li (1995), Inkpen and Beamish (1997) and Mata and Portugal (2000). In the case of Li (1995), he reasons that due to difficulties in integration (Wilson, 1980), acquisitions should have a higher probability for exit than greenfield investments. He also hypothesizes that due to difficulties associated with sharing authority (J. P. Killing, 1982; Kogut & Singh, 1988), joint ventures should also be expected to exit more often than greenfield operations. Li empirically tested this assumption with data from the pharmaceutical and computer industries,

finding strong support for both arguments. In contrast to Li's work, here we explicitly compare the tendency to exit between full acquisitions and joint ventures as opposed to making the base comparison with greenfield investments. As such, we attempt to order the effects which Li discovers in his work. Due to data limitations, he also looks at all forms of exits, including closure, whereas we focus exclusively upon exit through divestiture. Mata and Portugal (2000) do attempt to look at minority versus majority ownership effects on divestiture, but exclude the far end of the spectrum by dropping all investments of less than 10 percent. As such they predict a negative linear relationship between ownership share and divestiture. Our model, by contrast is curvilinear in nature, much closer to an inverted U, as portfolio investments are also expected to be more stable in nature than joint ventures.

The decision to divest and the sale price

A decision to divest an asset is a painful one, so much so that it has been claimed that "if investment is a hopeful affair like marriage, divestment is more like a divorce" (Boddewyn, 1983:27). Divestitures are often perceived as failures in the strategy of the firm, but some authors have recently claimed that they are a part of a healthy and successful business process (Capron, Mitchell and Swaminathan, 2001; Dranikoff et al, 2002), a key piece in business systems that require frequent adaptation and reconfiguration.

In spite of the difficulties of tracking true motivations for the sale of an asset in a foreign market, an obvious if coarse proxy for success or failure lies on the financial result of the operation. Divesting an asset may be a little less painful if the company generates a positive return out of it. Yet, we know that the value of an asset depends to a great extent on the moment chosen to sell it and divesting at the wrong time can result in a loss, simply defined as obtaining less money than what the asset cost in the first place. Stated as a hypothesis, we say that:

Hypothesis 3a: A divested acquisition will tend to be sold at a loss.

And, extrapolating from Hypothesis 1 we can also hypothesise that:

Hypothesis 3b: Divestitures undertaken in periods of stable growth will be sold at a profit, whereas those sold in periods of crisis will be sold at a loss.

According to Hypothesis 2, jointly owned firms will tend to dissolve more often than firms with a dominant owner as a result of problems associated with sharing authority. Since these firms are exposed not only to environmental pressures but also internal pressures for divestment, they will have less freedom in choosing the time for dissolution, and as such will have a greater propensity to divest at the wrong time. The problems associated with managing the joint venture may also reduce

the value of the assets if the firm is sold at the wrong time. Conversely, we expect firms with dominant owners to have more freedom to choose the timing of the sale, and consequently to sell at a profit.

Hypothesis 3c: Firms with joint ownership when divested will tend to be sold for less than what they were purchased in comparison to those with a dominant owner.

The Argentine Context

Argentina is an excellent case for analyzing the use of acquisitions as a form of entry into emerging economies and the conditions that motivate subsequent divestitures. The scope and speed of the market reforms of the early 1990s made the local business environment very attractive and by the end of the decade Argentina had attracted over US 80bn of FDI. Simultaneously, by early 2000 a 2 year old recession questioned the viability of many of these investments, something confirmed by the sovereign default of December 2001, the largest ever.

A little bit of history is required. After years of protectionism that ended in two bouts of hyperinflation, the Argentine government adopted in 1989 a long sequence of extensive market-friendly reforms. Noteworthy are the Economic Emergency Law (1989), suspending virtually all subsidies to the private sector, reducing extraordinary government expenditures, balancing the budget and helping reduce interest rates, and the Government Reform Law (1989), setting up the regulatory framework for the transfer of firms and assets from the public to the private sector. Another foundational reform was the Convertibility Law (April 1991), pegging the local currency (the peso) to the dollar on a one-to-one basis, which helped reduce inflation and stabilize the economy. A dramatic increase in the money supply ensued, due in large part to the return of capital that had fled abroad in the previous decade.

The impact of these laws was massive but mixed. Between 1990 and 1998, the economy grew by an average of 5.6 %/year, and in 1997 alone it grew by 8.6%. Nevertheless, unemployment and poverty also grew, particularly after 1996. Simultaneously to these market reforms, the level of internationalization of the economy increased substantially. In the first half of the 1990s, exports more than doubled and imports increased nearly four-fold, doubling Argentina's coefficient of openness. This was accompanied by billions of dollars in foreign direct investment, making it one of the two largest targets for investment in Latin America, and a "star performer" of emerging markets according to the World Bank and the IMF. Yet, as a former IMF senior officer stated, "several factors contributed to the remarkable transformation of Argentina from an apparent paragon of economic reform and stabilization in 1997-98 to the tragedy now (i.e., early 2001) unfolding in that economy" (Mussa, 2002). Four sets of events are believed to have caused the debacle of the economy (Economist, 2002). First, the appreciation of the US dollar in the late 1990s resulted in an overvalued (but impossible to devalue) Argentine peso, making exports less competitive. In addition,

trade barriers for agricultural products and low international prices for commodities limited the penetration of Argentine exports. Also, the devaluation in Brazil (Argentina's main trading partner) and the reduction of capital flows to emerging markets reduced the quantity of dollars available to sustain the peg, also forcing the economy into recession.

These events, along with the recurrent fiscal deficits, the currency board itself, and a general mismanagement of the economy led to a run on the banks for most of 2001, extraordinary help packages from the IMF, a general freeze of deposits in December 2001, followed shortly by deathly riots, the ousting of the president, devaluation, and the largest sovereign default in history. By late 2002, the Argentine currency had lost nearly 2/3 of its value, and the GDP was posting a negative growth of 11% for the year. By 2003 there were signs of a strong recovery with an annual growth rate of nearly 8.6 % and forecasts of 7.5 % for 2004. However, many lingering issues still remain including reaching an agreement with bond-holders.

Methodology and Descriptive Statistics

We began by determining the population of investments and constructed a census of it. We collected information on all acquisitions over US\$1 million made in Argentina between 1990 and 2002, using a variety of complementary sources detailed below. While our approach specifically excludes greenfield investments, it covers nearly all investment going in to the country regardless of source and degree. Estimates of the coverage of our database report a rate 99% coverage or better of the value of all foreign investments in the country for the 12 years studied, according to experts (Rozemberg, 2004). After constructing the census of all investments, we tracked the evolution of the acquired firms through the period so as to identify whether or not they had been divested.

As no comprehensive database of foreign investments in Argentina existed, it was necessary to develop a proprietary one. We started with two partial databases, one from the Ministry of Finance and another one constructed by researchers at a local University. We merged them, eliminated duplicates and corrected minor inconsistencies (e.g., company names). Later, we scanned the business press, the mandatory government registries and many voluntary ones to confirm the information contained in the database. In a few cases we confirmed the information with the firms themselves, either at the local level or through their parent. Once we had a complete list of acquisitions we used the same sources to collect information of specific variables such as purchase ownership structure and sale price. The date chosen to begin the inclusion of firms corresponded to the initiation of the wave of market reforms in Argentina, and the end date corresponded to the latest published data at the time of writing our article.

We set the purchase cut-off price for inclusion in the database at US\$1 million and over. While this leaves out some minor acquisitions and divestitures, our decision ensured that virtually all major transactions were included, and allowed us to focus our attention on the accuracy and completeness of the database of the most important acquisitions. The data was collected and compiled by two research assistants located in Argentina over the course of 18 months, starting in early 2002. The data collected included the names of the acquired and acquiring firms; the year of the transaction; the dollar size of the investment and percentage ownership stake that implied; the country of origin of the firms involved in the transaction; and information regarding the divestiture of the investment if that in fact occurred in that calendar year. This data set addresses some of the limitations of previous studies which used dummy variables for joint versus full ownership and which did not have the country of origin of the foreign investors.

Upon completion, the database contained 780 observations representing over \$85 billion in acquisitions. Roughly 11% of those acquisitions were also divested. The average investment was slightly over \$100 million dollars, and close to 90% of them were undertaken by foreign firms entering the Argentine market, the remainder being initiated by local interests. On average, these investments gave the acquirer a 68% stake in the firm, and roughly 39% entailed full acquisition.

Findings

Overall, we find support for Hypotheses 1, 2, 3b, and 3c. With regards to the institutional or environmental effect on divestiture propensity, over 95% of divestitures took place after Argentina went into recession starting in 1997, indicating support for the idea that there was in a trend reaction to the instability caused by the market conditions. (see Table 1)

Insert Table 1 About here

When it came to testing Hypothesis 2 and the role of ownership structure on the propensity to divest, we first divided the sample into three groups, two of which we defined as having a dominant owner (those in which either the foreign or local partner controlled over 80% of the firm), and one involving shared control (foreign ownership between 20 and 80%). Firms with shared ownership were more likely to divest than those in either of the other two groups with dominant owners.

Insert Table 2 About here

Hypothesis 3a saw divestitures as failures, and consequently predicted that they would tend to be sold at a discount. What we find, however, is that divestments can generate losses or profits. With a reduced sample of divestitures for which we were able to obtain both the sale price and the original purchase price, we find that 54% of the sales were actually sold for more than they were acquired, whereas 46% were sold for less. As such, the next test was to see which of those were more likely to produce a loss. Hypothesis 3b focused on the time of sale, and Table 3 indicates that that timing does in fact matter. Those divestitures made before the country entered its deep recession tended to be sold at a profit while those made after tended to be sold at a loss. While the χ^2 statistics for a higher sale price pre-1998 and a lower one post-1998 are both significant at only around the 15% levels, they are directionally correct. Although we ignore the amount of money invested in the firm after the acquisition, it seems safe to assume that is positive and important, as the new owner shapes the new firm to its liking. These post-acquisition investments overestimate the results of a sale with a positive result, but also underestimate sales where the result is negative.

Insert Table 3 About here

Lastly, with regards to sale price and ownership structure, we find strong statistical support for Hypothesis 3c. As we can see from Table 4, divestitures made by firms controlling either less than 20% or more than 80% of the firm tended to be sold for more than what they were purchased while those in the middle tend to be sold for less, again lending support to the idea that managerial problems associated with managing a joint venture might cause one to sell at a less than opportune time.

Insert Table 4 About here

Conclusions

This paper examines the factors that induce firms to divest from foreign, emergent markets, and the consequences of so doing. Our data shows that in addition to the host of firm-specific reasons invoked to divest a foreign asset, there is support for the hypothesis that institutional forces play a role in foreign divestments, particularly during moments of high uncertainty. Also, we find support for the idea that the structure of the deal between partners influences the propensity to divest the acquired asset. Finally, we find support for the idea that certain types of structuring are more unstable than others, and as a consequence have a higher propensity to be terminated at suboptimal times at a loss.

These findings have important implications. On the theory side, we contribute to our understanding of an unexplored dimension of the international strategy of the firm, and to the extension of the reach of institutional theory to an area where it has been absent. We show support to the idea that institutional effects also influence the divestment of assets. On the practical side, we can now attract management's attention to phenomena that were usually left outside of their consideration. Specifically, we offer support to the idea that the decision to divest an emerging market asset is influenced by factors that lie outside the firm and that have to do with the uncertainty of the market conditions and not only with the situation of the firm. Yet, since unstable times are to be expected in less developed economies, it is important that managers escape the waves of panic that can spread through an emerging market (and, of course, through HQ) and evaluate their situation more calmly and independently from the behaviour of other firms. As a consequence, managers in charge of these foreign assets need to evaluate whether the decision to divest is being driven by the strategy of their firm and its financial considerations, or whether it is simply a herd effect caused by an economic crisis.

Also, managers now know that the longevity of the deal in emerging markets is influenced by the type of structure chosen from the beginning, and that structures without dominant partners tend to be less durable than the alternative. This is significant not only because of the impact it may have on the strategy of the firm, but also because unstable ownership structures tend to be sold at a loss.

In spite of the robustness of our data, the usual cautionary comments apply here. We believe more research is needed to verify our findings, and also to test our findings in different markets, and in different types of crises. Yet, we feel confident that these findings will contribute to a better understanding of the motivations to divest and will derive in better theory and better managerial decisions.

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Figures and Tables

Figure 1 Conceptual Framework

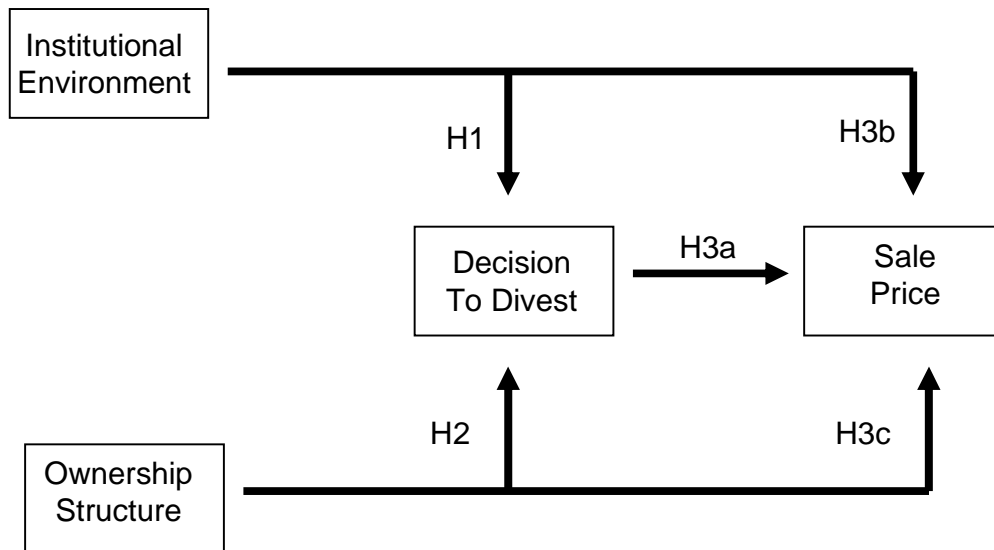


Table 1 – Distribution of Divestitures 1990-2002

Year	# of Divestitures	% of Total	Cumulative %
1990-94	0		
1995	1	0,13%	1,19%
1996	2	0,26%	2,38%
1997	10	1,28%	11,90%
1998	8	1,03%	9,52%
1999	11	1,41%	13,10%
2000	15	1,92%	17,86%
2001	17	2,18%	20,24%
2002	20	2,56%	23,81%
Total	84	10,77%	100%
Acquisitions = 780			
Divestitures = 84			

Table 2 – Acquisitions and Divestitures by Ownership Share

	Group 1: Portfolio Investment (1-20%)	Group 2: Joint Venture (21-80%)	Group 3: Dominant Ownership (81-100%)
N= # of acquisitions	91	255	357
% Divested	12.1	16.1	8.1
ANOVA	F stat = 4.295	p = .014	

Table 3 – Time of Sale and Sale Price

	Sold Through 1997	Sold 1998-2000	Chi-Square (1 degree freedom)
Higher Sale Price	78% (7)	42% (8)	1.46
Lower Sale Price	22% (2)	58% (11)	1.68
TOTAL	100% (9)	100% (19)	

Note: Actual number of sales in parentheses

Table 4 – Sale Price and Ownership Structure (Ownership Share)

	Group 1 (1-20%, 81-100%)	Group 2 (21-80%)	Chi-Square (1 degree freedom)
Higher Sale Price	76% (13)	18% (2)	4.28*
Lower Sale Price	24% (4)	82% (9)	4.93*

Note: Actual number of sales in parentheses. Significant at 5%

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