


**Please cite the Published Version**

Thein, Htwe Htwe, Grosman, Anna, Sosnovskikh, Sergey  and Klarin, Anton (2024) Should we stay or should we exit? Dilemmas faced by multinationals under sanctioned regimes. *Journal of World Business*, 59 (6). 101585 ISSN 1090-9516

**DOI:** <https://doi.org/10.1016/j.jwb.2024.101585>

**Publisher:** Elsevier

**Version:** Published Version

**Downloaded from:** <https://e-space.mmu.ac.uk/635433/>

**Usage rights:**  [Creative Commons: Attribution 4.0](https://creativecommons.org/licenses/by/4.0/)

**Additional Information:** This is an open access article published in *Journal of World Business*, by Elsevier.

**Data Access Statement:** The data that has been used is confidential.

**Enquiries:**

If you have questions about this document, contact [openresearch@mmu.ac.uk](mailto:openresearch@mmu.ac.uk). Please include the URL of the record in e-space. If you believe that your, or a third party's rights have been compromised through this document please see our Take Down policy (available from <https://www.mmu.ac.uk/library/using-the-library/policies-and-guidelines>)



# Should we stay or should we exit? Dilemmas faced by multinationals under sanctioned regimes

Htwe Htwe Thein<sup>a,\*</sup>, Anna Grosman<sup>b</sup>, Sergey Sosnovskikh<sup>c</sup>, Anton Klarin<sup>a</sup>

<sup>a</sup> School of Management and Marketing, Curtin University, Building 402, Faculty of Business and Law, Kent Street, Bentley, WA, 6102, Australia

<sup>b</sup> Loughborough University London 3 Lesney Avenue The Broadcast Centre, Here East Queen Elizabeth Olympic Park, London E20 3BS, UK

<sup>c</sup> Manchester Metropolitan University, Faculty of Business and Law, All Saints Building, Manchester M15 6BH, United Kingdom

## ARTICLE INFO

### Keywords:

Sanctions  
Responsible exit  
Divestment  
Multinational enterprises  
Myanmar  
Ethical dilemma  
Strategic choices

## ABSTRACT

This study investigates how multinational enterprises (MNEs) navigate sanctioned regimes using the Myanmar context following a 2021 military coup. We find that without formal institutional pressures, MNEs exit voluntarily due to informal stakeholder pressures. However, such exits are often considered irresponsible as MNEs transfer assets to unethical buyers or the sanctioned regime, thus potentially worsening the human rights conditions. We provide eight propositions that define a responsible exit from a sanctioned regime. This study offers insights into the multifaceted nature of strategic exits thus articulating ethical dilemmas faced when exiting from foreign markets amid sanctions-induced challenges, real or perceived. This study proposes a framework outlining the interplay between formal and informal institutional pressures placed on MNEs in sanctioned regimes, thus theoretically contributing to the institution-based view by highlighting legitimacy concerns and reputational management strategies employed by MNEs.

## 1. Introduction

Sanctions are increasingly becoming a tool to promote peace, protect human rights, and reinforce international law and norms (Bapat & Kwon, 2015; Meyer et al., 2023). Researchers in political economy and international business policy have debated the efficacy of sanctions in achieving their political goals (Gaur et al., 2023; Peksen, 2019). To date, however, there are limited studies on the strategic choices of multinational enterprises (MNEs) under pressure from formal and informal institutions, including ethical considerations around strategic exits. When faced with sanctions (announced or anticipated), MNEs must make strategic choices concerning their operations in sanctioned countries. These include exit, reduction of activities, or nonconformance with sanctions (i.e., increase or no change in activities). These strategic choices are shaped by stakeholder expectations, especially when MNEs face potential financial and reputational damage (Beddewela & Fairbrass, 2016). Hence, in the context of sanctions, informal institutional pressures in the form of home, host, international, and supranational stakeholders that influence MNEs are becoming an increasingly important phenomenon (Danquah & Sen, 2022). Their pressure is particularly

relevant in host countries under sanctioned regimes that pursue policies that violate widely held ethical norms. Informal stakeholder groups are bringing to light the ethical implications arising from multinational enterprises' exits while current studies continue to grapple with effectively addressing them. Hence, our study answers the following research question: What are the strategic exit dilemmas that MNEs face under a sanctioned regime?

Our strategic choice analysis highlights the impact of MNEs' risks on strategic choices and dilemmas over three years since February 2021, when the military coup started in Myanmar. While the decision to exit has benefits and costs, MNEs more sensitive to stakeholder pressures in a home or host country may choose to exit. From a social responsibility perspective, on the one hand, MNEs need to weigh the pros and cons of divestment that sometimes turn an exit into a humanitarian crisis due to job losses and deteriorating humanitarian conditions (Thein & Gillan, 2024). On the other hand, firms are called upon to promote democracy and human rights by cutting ties with the rights-abusing governments and divesting at all costs (Evenett & Pisani, 2023). This illustrative scenario of humanitarian versus human rights presents ethical dilemmas to firms' decision-making regarding the question "Should we stay or

\* Corresponding author at: School of Management and Marketing, Curtin University, Building 402, Curtin Business School 1, Kent Street, Bentley, WA, 6102, Australia.

E-mail addresses: [htwehtwe.thein@curtin.edu.au](mailto:htwehtwe.thein@curtin.edu.au) (H.H. Thein), [a.grosman@lboro.ac.uk](mailto:a.grosman@lboro.ac.uk) (A. Grosman), [s.sosnovskikh@mmu.ac.uk](mailto:s.sosnovskikh@mmu.ac.uk) (S. Sosnovskikh), [anton.klarin@curtin.edu.au](mailto:anton.klarin@curtin.edu.au) (A. Klarin).

<https://doi.org/10.1016/j.jwb.2024.101585>

Received 1 March 2023; Received in revised form 14 August 2024; Accepted 20 August 2024

Available online 5 September 2024

1090-9516/© 2024 The Author(s). Published by Elsevier Inc. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

should we exit?”.

In our study, we focus on the case of MNEs' strategic choices and exits from Myanmar following the junta takeover in February 2021. We extend the existing debate regarding how institutions both inside and outside the host country influence the international business activity of MNEs across a range of industries and firms (Danquah & Sen, 2022; Holliday, 2005; Meyer & Thein, 2014). The study is one of only a few to depict ethical dilemmas MNEs face when making organizational strategic choices amidst the current sanctions in Myanmar. Our current study extends an earlier study on Myanmar by Meyer and Thein (2014) in three ways. First, while Meyer and Thein (2014) explored the MNEs' strategic choices under the sanctioned regime of Myanmar from the imposition of US sanctions in 1997 until the dawn of the democratic era in 2011, our study focuses on the more recent sanctions on Myanmar by the US, the UK, the EU, Canada, and Australia, following the 1<sup>st</sup> of February 2021 military coup which abruptly ended Myanmar's nascent democracy. These sanctions are also targeted at maximizing the damage to the military's financial interests while minimizing the damage to the people of Myanmar. Second, the previous study focused on the stakeholder pressure from MNEs' home institutions. In contrast, this study examines pressures from both home and host institutions. This approach is due to the severe conflict and destabilization in the host country, Myanmar, which amplifies institutional pressures on MNEs operating there. Third, Meyer and Thein (2014) did not include an examination of ethical dilemmas and a conceptualization of what constitutes a responsible exit because, at the time, pro-democracy campaigners and activists were satisfied that MNEs exited Myanmar without questioning resultant impacts on the economy and human rights. We provide a rich qualitative analysis of MNEs in Myanmar and their strategic choices under sanctions and institutional pressure. This context has received sparse consideration in international business literature.

Drawing on our inductive research method, primary interview data supported by an extensive secondary data analysis, we conceptualize *responsible exit* as an approach that prioritizes (i) legitimacy considerations by MNEs, (ii) combines due diligence and frequent audits with adherence to the UN Guiding Principles and OECD Guidelines on MNEs, (iii) responsiveness and communication with stakeholders in exiting, (iv) adheres to UN human and labor rights principles, (v) safeguards employee safety, well-being and compensation, and (vi) ensures resources are not left behind, sold to, or service sanctioned or unvetted parties (Estrin & Meyer, 2023; Meyer & Estrin, 2023; OECD, 2018, 2023; United Nations, 2011).

Hence, our study's contributions are threefold. First, we offer a comprehensive framework outlining the interplay between formal and informal institutional pressures encountered by MNEs amid sanctions. We then demonstrate how formal pressures such as sanctions intersect with informal pressures from stakeholders, influencing MNE responses and exit strategies. Through in-depth interviews and secondary data analysis, we dissect the influence of informal institutional pressures on MNE behavior in sanctioned environments, addressing a gap identified in the institution-based view literature (Peng et al., 2023). Thus, our study enriches the understanding of *delegitimation* and reputational management strategies employed by MNEs in response to institutional pressures.

Second, we contribute to the strategic exit literature, incorporating the institution-based view in the sanctions context, highlighting the ethical dilemmas faced when exiting from foreign markets amid sanctions-induced challenges (real or perceived). Based on the data, we identify factors creating such dilemmas for MNEs and formulate the conditions under which MNEs are more likely to exit responsibly. We define strategic exits as driven by economic and non-economic motivations such as preserving legitimacy in the home country and with the international community. As a result, we establish propositions for defining responsible exits in Myanmar, employing a multi-factor scoring methodology to classify exits as either responsible or irresponsible, thus capturing the complexity of MNE strategic exits.

Third, this study uniquely delineates an understudied context, offering insights into various sanctioned regimes. The Myanmar context provides the potential to offer external validity in other sanctioned regimes contexts. Given the underexplored nature of the sanctions field (Meyer et al., 2023; Peng et al., 2023), where data may be limited (e.g., Iran) or not entirely accessible yet (e.g., recent sanctions imposed on Russia), our study stands out for its distinctive contributions. Our study on ethical dilemmas and strategic exits amid host country sanctions in Myanmar enhances the understanding of broader implications across geopolitical settings. Additionally, we contribute by examining how MNEs anticipate sanctions and the indirect effects of sanctions in combination with informal institutional pressures in that the threat of sanctions could elicit desired outcomes, as well as demonstrating the extraterritorial impact on subsequent FDIs in third countries.

## 2. Sanctions, institutions, and strategic choices of MNEs

Despite criticism for counterproductivity (Bapat & Kwon, 2015; Gaur et al., 2023), sanctions can induce concessions, reinforce norms, and foster peace (Mulder, 2022). They serve as negotiation tools and an alternative to military action (Stepień & Weber, 2019). Typically, sanctions target political change in states or deter threats from entities (Drezner, 2021). Success hinges on moderate political goals, complex implementation, and local elite focus (Mulder, 2022). Recent studies examine sanctions' impact on MNEs in sanctioned economies, shaped by their perception of uncertainty and risk from these measures (Barnard & Luiz, 2024; Meyer et al., 2023; Morgan et al., 2023; Panibratov & Gaur, 2022). Uncertainty involves the extent of sanctions' influence on MNE performance, the duration of the dispute or crisis, and impacts on business relations (Weber & Stepień, 2020). Imposed sanctions heighten risk for global investors, reducing FDI and prompting divestment (Holliday, 2005; Zhu et al., 2019). Stepień and Weber (2019) apply this to MNEs under sanctions, needing a risk premium due to elevated uncertainty.

Sanctions also indirectly affect MNEs when trade partners, supply chains, or financiers are targeted, causing market disruptions and compliance costs (Aliasghar & Rose, 2023). MNEs must make strategic choices about responding to sanctions, which is a complex process that involves many factors, such as weighing interests in home and host institutions, the interdependence of global operations, and challenges in selling business (most likely to state-owned or state-affiliated entities) (Meyer & Estrin, 2023). Furthermore, MNEs operating in sanctioned regimes and planning to exit must also consider the ethical aspect and cope with the risk of reputational damage, which arises from being associated with supporting the targeted regime (Aliasghar & Rose, 2023; Estrin & Meyer, 2023). Research on this topic is quite limited in the literature (Peng et al., 2023). Our study aims to critically assess the process of MNEs making strategic choices while responding to imposed sanctions in the host country through the prism of the institution-based view. This will enable us to critically comprehend the context of institutional pressures on MNEs and their capability to retain legitimacy in home and host countries.

### 2.1. Institutional pressures under sanctioned regimes in responsible decision-making

Formal institutions encompass written formal rules governing a society's economic and legal framework; informal institutions include traditions, customs, and unwritten norms (North, 1990). In the context of MNEs and international sanctions, formal institutions involve government and regulations, while informal ones involve non-government organizations (NGOs), human rights advocates, and global consumers. In the international business context, institutions are defined as a set of variables that influence the performance of MNEs (Marano et al., 2016). Primarily studied in host countries, especially developing ones, institutions restrict the activities of foreign participants through

institutional gaps, high transaction costs, weak protection of intellectual property rights, or a high level of uncertainty (Doh et al., 2017; Khoury & Peng, 2011; Zhu et al., 2019). Firms respond by avoiding markets, adapting, or building capabilities to overcome constraints (Cavusgil et al., 2021). In particular, strategic choices are determined not only by industry conditions and firm capabilities, but also by a reflection of the formal and informal constraints of the particular institutional structure faced by MNEs (Hillman & Wan, 2005; Peng et al., 2023). Accordingly, firms face disparities in institutions in origin and host countries as a hurdle that increases the cost of doing business and also creates some opportunities for institutional arbitrage (Bruno et al., 2022). Nevertheless, our study attempts to understand how formal and informal institutions influence MNEs' strategic choices considering the internal and external legitimacies in home and host countries in the context of imposed or anticipated sanctions.

## 2.2. The institution-based view and international sanctions

The institution-based view initially focused on emerging markets and later expanded globally (Peng et al., 2023). This rapidly evolving perspective now addresses deglobalization and sanctions, showcasing a global approach (Meyer et al., 2023; Witt et al., 2023). In the post-Cold War era, new institutionalism gained traction with intensified globalization (North, 1990) promoting market-liberating institutional transformations and emphasizing market-oriented principles (Cavusgil et al., 2021; Shin et al., 2022). Existing studies mainly targeted innovation (Bruno et al., 2022; Khoury & Peng, 2011), market entry (Boddewyn & Peng, 2021; Zhu et al., 2019), and firm growth (Tomizawa et al., 2020). However, limited attention exists to sanctions and divestments (Meyer et al., 2023; Peng et al., 2023), despite the tremendous impact they have on firms' decisions.

Divestment is part of the deglobalization process, defined as weakened global economic interdependence (Witt et al., 2023). This new tendency is evident through border closures, quarantines, immigration controls, investment scrutiny, military conflicts, nationalism, sanctions, protectionism, and trade wars (Kornprobst & Paul, 2021; Leblang & Peters, 2022). How MNEs respond strategically to these changes has revealed a serious research gap in academic debate. The theoretical understanding of sanctions is weak and needs further development (Peng et al., 2023). Our study extends the new institutional perspective on deglobalization, delegitimization, and sanctions. We examine the concerns in recent studies and investigate how MNEs and subsidiaries engage with various local and external stakeholders to minimize the effects of sanctions.

## 2.3. Legitimacy of MNEs at home and abroad

The multifaceted interactions between home and host dynamics and differing legitimacy perceptions challenge MNEs to achieve high legitimacy at home and abroad (Stevens et al., 2016). The sources of legitimacy that MNEs can utilize to integrate into the uncertain institutional context are reputation, representation, impartiality, rulemaking, and trust-building (Hermes & Mainela, 2022). Legitimacy, as an essential informal institutional driver (Suchman, 1995), enriches our understanding of an institution-based view, illuminating how home and foreign institutions influence MNE strategy alignment (Hillman & Wan, 2005). Institutional duality compels MNEs to align internal and external legitimacy, blending parent and subsidiary strategies (Schnyder & Salai, 2020). Compared with extensive work on institutional legitimacy, the delegitimization process has received little attention. When MNEs withdraw fully or partially, they risk losing host-country legitimacy. Maintaining business as usual risks legitimacy loss at home and in other countries. Given the complexity of each option, the strategic choices are not predetermined, highlighting the need for more comprehensive research. In uncertain environments, preserving legitimacy amid challenges such as trust in state institutions and silencing voices of NGOs and

media is tough (Beddewela & Fairbrass, 2016; Stevens et al., 2016). According to new institutionalism, factors to be considered include engaging socio-political actors, influencing politics and policymaking, building relationships, and lobbying actors both inside and outside the government (Beddewela & Fairbrass, 2016; Darendeli & Hill, 2016; Scherer et al., 2013). New institutional economists tend to see MNE decisions as instrumentally motivated in any host economy when it comes to business (Bruno et al., 2022; Tomizawa et al., 2020).

For foreign MNEs operating in sanctioned regimes such as Iran, Libya, Myanmar, Russia, and Syria, strategic choices include (1) divestment (permanent withdrawal through closure or sale) (Hufbauer & Jung, 2020), (2) alternative arrangements (temporary closure) (Gonchar & Greve, 2022; Meyer & Thein, 2014), and (3) nonconformance or "business as usual" (Panibratov & Gaur, 2022; Weber & Stepień, 2020). In essence, if MNEs choose to close their business operation, they lose legitimacy in the eyes of host country stakeholders. However, if they choose to stay, they lose legitimacy in the eyes of stakeholders in their home country and third countries (Stevens et al., 2016). Given the thorny nature of each option, the strategic choices are not predetermined, requiring more in-depth research. In contrast to the vast body of work on legitimation in the institutional literature, the process of delegitimization has rarely been studied (Spandler & Söderbaum, 2023; Uhlin & Verhaegen, 2023), especially in the context of MNEs dealing with sanctioned regimes; hence, this study aims to fulfill this void.

We show how formal and informal institutional pressures affect MNEs' legitimacies and operations in sanctioned regimes. Formal and informal pressures interact, affecting MNEs' operations. These pressures impact MNE legitimacy in and beyond sanctioned nations. This can prompt MNE exits from such countries, even if sanctions do not directly apply to them, or the MNE may do so in anticipation of sanctions. We also note that there are undoubtedly other inter- and intra-organizational pressures that affect the operations of MNEs in foreign countries, including competition, resources, finances, demand, supporting and related industries, and others. However, this paper only considers sanction-related pressures rooted in institutional pressures.

## 2.4. Research gap

One of the most important factors for MNEs when considering divestment is their reputation, especially for consumer-focused MNEs with strong and internationally recognized brands, and legitimacy. Existing studies predominantly focus on strategic choices of local and foreign MNEs in sanctioned regimes as well as commercial and political risks MNEs face after implementing international sanctions (Estrin & Meyer, 2023; Meyer et al., 2023; Meyer & Estrin, 2023; Peksen, 2019), sanctions' effect on MNEs international operations (Bapat & Kwon, 2015; Gaur et al., 2023; Gonchar & Greve, 2022; Peksen, 2019), and overall assessment and observations of MNEs exiting sanctioned regimes (Aliasghar & Rose, 2023; Panibratov & Gaur, 2022). The literature on strategic choices fails to incorporate how ethical considerations play a role in strategic choices and what happens *after* the strategic decision regarding investments in the sanctioned regime takes place. For instance, is the divestment done in a responsible manner? Or have the MNEs "dumped" the assets to a party associated with the sanctioned government? We suggest that these dilemmas include, but are not limited to, the welfare of employees, data protection, provision of essential goods and services, and transferring assets to sanctioned governments or agents. Specific attention must be given to this issue in the contemporary academic debate, taking into account idiosyncratic institutional environments in a variety of sanctioned countries (e.g., Cuba, Iran, Libya, Myanmar, North Korea, Russia, and Venezuela), as well as a multitude of firms that operate in them (Meyer et al., 2023; Peng et al., 2023).

We are best positioned to uncover "*ethical dilemmas*" by analyzing recent strategic exits in Myanmar. This context provides richness to this

debate due to the presence of international advocacy groups, international NGOs, and pro-democracy activists. The case of Myanmar is specifically appealing for academic research given its geographical location between China and India and its significant role in geopolitics (Kipgen, 2021). Following the coup d'état in February 2021 that toppled the democratically elected government, numerous Western nations, specifically the U.S., U.K., Canada, the EU, and Australia, implemented targeted sanctions. This has put MNEs in Myanmar in a problematic situation. Institutional actors demanded that the companies make "ethical" decisions concerning whether to stay or leave the country and, more importantly, how to do it responsibly (Meyer & Estrin, 2023). This leads us to the debate on how formal and informal institutional pressures influence the MNEs' decision-making regarding exiting responsibly. We expand the academic research on the new institutional perspective on deglobalization, delegitimization, and sanctions. We also investigate how MNEs deal with the pressure of home and host country institutions while contemplating exiting sanctioned regimes.

### 3. Methodology

We gathered both primary and secondary data in this study. One of

the authors of this study (born and brought up in Myanmar) has a long history of researching sanctions since trade sanctions were imposed on the Myanmar government as early as 1997. For this study, she performed primary data collection, which involved interviews, personal first-hand observations, her own extensive media commentaries, email communications and meetings with selected MNEs for her advocacy work, activists, advocacy groups, governmental departments, and politicians in the domain of the 2021 coup-stricken Myanmar context. Her engagement with the country for more than two decades in the corporate social responsibility domain in Myanmar helped her to further appreciate the situation MNEs faced when the coup occurred in 2021. The secondary data included government reports, newsletters, firms' official statements, NGO and supranational organizational reports, and media coverage. In total, the researcher arranged 41 interviews with 33 respondents (Table 1). The multiplicity of data sources allows us to conduct an iterative cross-check process to deliver triangulated and robust findings. Quotes from the interviews are reported strictly anonymously, ensuring they cannot be identified in any way, given the level of security and sensitivity surrounding sanctions and MNEs' behavior in Myanmar.

Our study carried out the following stages of data analysis, with each

**Table 1**  
The profile of interview participants

No	Code name	Category	Country location	Number of interviews	Format	Focused topic
1	Workers' rights advocate	Advocacy	Thailand	5	Interviews; SMS; emails	Labor issues
2	Manager of a labor NGO	INGO	Thailand	1	Interview	Development programs; responsible exits
3	Business consultant 1	Business	Myanmar	1	Interview	Foreign investors who have not existed
4	Prominent activist in exile	Activist	In exile	1	Interview	Activism and lobbying for Myanmar to the US government
5	Head of a leading advocacy group	Advocacy	Australia	1	Interview	Sanctions, responsible exits, dilemmas
6	Academic researcher and commentator	Academia	UK	1	Interview	Sanctions, responsible exits; dilemmas
7	Human rights advocate	Advocacy	Australia	1	Interview	Sanctions, responsible exits; dilemmas
8	Submitter of OECD grievance complaint	A human rights advocate	Advocacy	1	Email	A case submitted to OECD grievance complaint
9	Business consultant 2	Business	Non-disclosable	1	Interview	Perspectives from firms' responsible exits and dilemmas
10	Business consultant 3	Business	Myanmar	1	Interview	Business perspectives on the ground in Myanmar
11	Academic 1	Business	UK	1	Interview	An adviser to corporations
12	Academic 2	Business	Australia	2	Interview	Labor rights
13	Former business owner in Myanmar	Business	Australia	1	Interview	Sanctions; doing business in Myanmar; responsible exits;
14	Union leader	Advocacy	Australia	1	Interview	Advocacy and informal groups' call for sanctions
15	Academic 3	Business	Europe	1	Interview; follow up email	Focused interview on a specific exit
16	Business consultant 4	Business	Australia	2	Text messages	Focused interview on a specific exit
17	Prominent lobbyist	Advocacy	Australia	1	Email	Focused on Australian firms and sanctions
18	Risk analyst	Business	Australia	1	Interview	Responsible exits; dilemmas
19	Lawyer	Advocacy	Asia Pacific	1	Interview	Activism; advocacy; sanctions
20	Labor activist	Activism	Germany	2	Interview; text messages	Responsible exits and labor rights problems
21	Religious leader	Faith group	Australia	1	Interview	Faith groups' participation in anti-coup movement
22	Academic 4	Academia	Non-disclosable	1	Interview	Taiwanese investors in garment manufacturing
23	Senior officer	Business	Australia	1	Q&A session at a conference	Sanctions and due diligence
24	Academic 5	Academia	Australia	1	Interview	Lessons from Sanctions on South African
25	Academic 6	Academia	Australia	1	Interview	Social movement; activism
26	Human rights advocate 1	Advocacy	Australia	2	Interview	Human rights advocacy
27	Human rights advocate 2	Advocacy	Australia	1	Interview	Human rights advocacy
28	Business consultant 5	Business	UK	1	Interview	Responsible exits
29	Human rights activist 3	Activism	Australia	1	Interview	Responsible exits
30	Pro-democracy political leader	Politics	Australia	1	Interview	Advocacy; sanctions
31	Human rights activists 4	Politics	Australia	1	Interview	Advocacy; sanctions
32	Coordinator	INGO	UK	1	Interview	Advocacy; responsible exits
33	Program Officer	INGO	Australia	1	Interview	Advocacy; responsible exits

stage guiding the subsequent stages. We first studied international sanctions imposed on Myanmar after the 2021 coup. We then identified a population of 30 MNEs that have chosen to withdraw from Myanmar following the coup. Through multiple rounds of discussions, the authors were able to deconstruct the courses of action of MNEs to analyze exit dilemmas that MNEs faced and thus provide a case of complexities and considerations regarding responsible exit in sanctioned regimes. Three authors independently coded organizational exit-related strategies into responsible versus irresponsible ones based on the rich data from interviews and secondary data. The codes were then compared, and any discrepancies were resolved through data iterative processes and discussions among the co-authors. As such, we summarized the information in Appendix A, which highlights MNEs' home, host, and international pressures as well as MNEs' responses with several secondary sources consulted about each organization at the far right of Appendix A.

From the resultant dataset of companies (Appendix A), we identified key concepts that repeatedly emerged in quotes and observations from the triangulated data (Creswell & Poth, 2016). To analyze the data, we first reviewed the interview transcripts, field notes, and archival data. Then, we categorized the narratives provided by data into first-order codes of MNE responses using Corbin and Strauss (2015) methodology for developing grounded theory. We then employed axial coding to uncover and differentiate relationships between first-order codes. This approach helped us to develop a more nuanced interpretation of MNE responses to formal and informal pressures. Specifically, we deconstructed the first-order codes and consolidated similar categories into more abstract, second-order themes. These themes were combined into an aggregate dimension representing the core themes discussed in the next section. To better visualize the resulting data structure, we present it in Table 2. Overall, our approach allowed us to better understand responses and responsible exit issues faced by MNEs in sanctioned regimes.

#### 4. Findings and propositions

##### 4.1. The effect of sanctions: formal vs informal institutional pressures on MNEs

###### 4.1.1. Formal pressures

There were no blanket sanctions that have called for MNEs to abandon existing operations in Myanmar. However, targeted sanctions have been applied to Myanmar intended to restrain the junta's financial interests, and they apply to MNEs engaged in a direct or indirect business relationship with military-controlled business entities, selected government ministries, entities, and individuals. While most firms have not been directly affected by regulative or formal institutional pressures, they have been impacted indirectly by informal pressures. We selected cases to illustrate how firms reacted to indirect pressures (e.g., Adani) and in anticipation of the possible future extension and broadening of sanctions (e.g., Telenor, TotalEnergies, and Chevron).

###### 4.1.2. Multi-level, worldwide informal pressures from transnational organizations, activists, and media

Appendix A shows the breadth of informal pressures calling for sanctions, and the exit of MNEs was remarkable and unprecedented. For example, TotalEnergies (which was a key target of advocacy groups and activists) received sustained pressure from various international organizations, including Burma Campaign UK, Business and Human Rights Resource Center, Earth Rights International, Global Witness, Human Rights Watch, International Crisis Group, Publish What You Pay (PWYP), Special Advisory Council on Myanmar, the UN Special Rapporteur on Myanmar and other organizations.

The French media (especially *Le Monde*) produced exposés about TotalEnergies's business interactions with the Myanmar government and contribution to the junta's revenues. According to an opposition politician interviewed for this study, the Burmese diaspora in France is

**Table 2**  
Data structure

Quotes	First-order codes	Second-order themes	Aggregate dimension
<p>"...reputational damage is what they are worried about as well... reputation can damage their other bigger operations elsewhere; hence, they announced their exit."                      "... they did exit according to the guidelines; they did earn their legitimacy."                      "... they can't ignore it [activist pressure], if they do, it will hurt their reputation."                      "... weighing in legitimacy elsewhere versus the economic benefit of staying in MM."                      "... why would the companies bother doing business in Myanmar when there's so much activism on it, and it's such a small business opportunity? Yes. That's why companies are leaving. They're not doing it because of sanctions."                      "...decided to get out but decided to do so on a very profitable basis by selling to M1 [a Lebanese buyer], Telenor got into even more strife because M1 was so closely associated with the military."                      "...the company kept saying that: "we as a responsible company... have to accept responsibility, the advocacy groups don't understand that we have to exit...the advocacy groups are saying that we accept that XX has to exit and has the decision-making power to choose to do that; so, we were kind of like talking past each other, XX was insisting on their</p>	<p>Concern for reputational damage</p> <p>Weighing benefits versus reputation</p> <p>Sale of existing assets</p>	<p>Higher considerations for legitimacy</p> <p>Ensuring resources are not left behind, sold to, or service sanctioned or unvetted parties</p>	<p>Responsible vs irresponsible exit</p>

(continued on next page)

Table 2 (continued)

Quotes	First-order codes	Second-order themes	Aggregate dimension
responsibility to exit. Yes, and accusing us of not understanding that and we were saying that you have to exit responsibly.			
“a cautious approach, and a far more principled approach, in attempting to devise a way of divesting that benefited the military as little as possible... so Kirin has not run into the same difficulties that Telenor got into.” “they don’t have anyone who isn’t connected to the military to sell to. So, the buyer is based in Singapore, so it shows they tried to avoid military connection, but more digging showed that the company is connected to the military.”	Track record of the buyers “they don’t have anyone who isn’t connected to the military to sell to. So, the buyer is based in Singapore, so it shows they tried to avoid military connection, but more digging showed that the company is connected to the military.” “depends on whether XX have staff and offices on the ground ... conducting proper research to understand the situation and exit properly and appropriately, that can be done, but they don’t want to do that, not interested or they don’t care enough.”	Conduct research to check and understand	
Conducting heightened due diligence	“That is a gray area, but legally, they are clear: you cannot sue them... how thoroughly they had done it, and I said if they had tried digging, there is also JFM; if they were willingly following, they would have known. But they did superficially, and they just wanted to leave quickly”. “They must do due diligence. Yes, they must make sure that all stakeholders are being contacted, all complaints are being reviewed thoroughly as well.”	Thorough investigation and digging via stakeholder consultations	
“There are now the accepted global standards...they are the standards	There are global guidelines	Adherence to UN human and labor rights principles	

Table 2 (continued)

Quotes	First-order codes	Second-order themes	Aggregate dimension
against which the process and arrangements for exits will be measured... the more compliance there is with those principles, the more responsible the exit will be considered.” “In theory, exits have to be done accordingly to the various international and global guidelines, but in reality, what I’ve been hearing from Myanmar, these companies when they exit, they don’t really care. They just left.”			
“demonstrates that the company failed to do proper human rights due diligence ... and failed to disclose material risks around its business links to Myanmar cronies supportive of the junta and also the risks of conflict around the mine site.” “We can’t even go into factories, inspectors can’t go in. The guidelines said you have to consult with all these, but we can’t; the state itself is a perpetrator. That means whoever staying is irresponsible.”	Adherence issues “Very few efforts have been made to look after the people, workers, so all the charity work is all for shows, not about the genuine commitment, simply cost into the cost of doing business. They could have withdrawn in many different ways.” “Businesses should exit; we should starve the junta but exits are a double-sided swords; people suffer. Reduced income for the juntas, but people suffer more while the junta keeps on eating. If you are working with the military, then they should exit.” “... you don’t want to leave the people that you have worked with, you’ve trained. So, it’s a dilemma in that sense.”	People suffer	
Ensuring employees’ safety, well-being, and compensation	“they said they would have to take care of employees’ welfare, pay compensations appropriately,	Failure to look after employees	

(continued on next page)

Table 2 (continued)

Quotes	First-order codes	Second-order themes	Aggregate dimension
	but in reality, they just want to get out quickly, they don't have the patience ... they hope whoever buys the business would take care of the employees."		
	"Total, said they did exit responsibly because they said they fully compensated, they tried not to damage things, therefore, rights groups welcome their decision; when they said they paid compensation to workers, they don't have that many workers."		
"The longer it takes, that means that the companies need to spend more money, they need to pay salary and then on top of that, they have to pay taxes to the military. They said they also have to look after their employees, your personnel securities and things like that. These are the reasons that they have given us. So, therefore, more payments are going out of the corporations' pocket into the military's pocket, the longer they hang around."	Quick exit	Exiting in a timely manner	
"And if that means doing consultations in a responsible way and having a hotline and whatever else or not, it doesn't matter. It's more that they need the approvals and want to get the money and want to get the sale done for their assets. Yes. I have seen very few responsible exits. Yes. And I can see why it's not the priority frankly."			

Table 2 (continued)

Quotes	First-order codes	Second-order themes	Aggregate dimension
"With exits, what matters is they exit in a responsible manner, then just cut and run. Yeah, quick fire sale, right. But the reality is, for example, with a company that has a single asset in their portfolio, they're going to want to sell it as quick as they can get their recoup some of their investment and move on in there."	Delaying exit has consequences		
"All Adani did was announce that they were exiting, but in reality, it is more like, to me, keeping a low profile; Adani has asked the local company to operate, but Adani does not operate any more, not by Adani themselves, so it is like they outsourced the work. Or they are lying low, not a complete withdrawal. You can say that they are buying time, because their assets in Myanmar are not movable; these are fixed assets, as they are in infrastructure. They couldn't exit easily."			

"the most active and aggressive out of all Burmese diasporas worldwide, in their activism, in organizing protests and campaigns to get TotalEnergies out". International activism was inspired by domestic activism inside Myanmar. Justice For Myanmar (JFM), founded by "a covert group of activists" operating inside Myanmar, has been an instrumental and powerful catalyst, proving the importance of home-based pressure. JFM published reports alleging that gas revenues provided the most significant financial lifeline for the junta, for which TotalEnergies Myanmar was a consortium partner with the junta-controlled Myanmar Oil and Gas Enterprise (MOGE).

Although non-binding, calls from the UN to cut ties with the military impacted on firms. Due to its joint venture relationship with the military, Kirin was mainly targeted after the 2019 publication of a United Nations Fact-Finding Mission (UNFFM) report, *Economic Interests of the Military* (United Nations, 2019). Kirin announced its determination to terminate its joint venture relationship on February 5, 2021, making it the first MNE in Myanmar to take strategic action after the coup (Thein, 2023). Although there was no regulatory requirement from the Japanese government for Kirin to cut ties with the military, UNFFM's exposure raised normative pressures. It amplified the demands of civil society organizations for international firms to sever ties.

Inditex (a Spanish fashion MNE that owns Zara) succumbed to a call



from a global union IndustriALL and announced in August 2023 that “it is in the process of stopping purchases from Myanmar’s garment factories” (O’Donoghue, 2023) due to labor rights violations the sector had endured since the 2021 military coup. Two weeks later, another fashion giant, H&M, announced its plan “to stop sourcing from Myanmar gradually” (Reid, 2023), following IndustriALL’s “campaigning tirelessly for brands to safely divest from the country. At the Third IndustriALL Congress in September 2021, 434 trade unions from 111 countries unanimously adopted a resolution in support of democracy in Myanmar.” (IndustriALL, 2023). Exits by garment brands present an ethical dilemma as workers (who are mainly young women and youth) are dependent on the sector for employment. A former business owner in Myanmar opined, “... businesses should exit, we should starve the junta, but garment brands’ exits are double-sided swords – people suffer. Reduced income for the junta, that’s true, but people suffer more than the junta if garment brands exit, so they should not exit.”

#### 4.1.3. Pressures from financial institutions

While formal regulatory sanctions had an indirect and anticipated influence on exits, MNEs faced policy measures and informal institutional threats from financial institutions. The Indian large network of ports, Adani Ports and Special Economic Zone Ltd (APSEZ), announced its exit after it was removed from the Dow Jones Sustainability Indices (S&P, 2021). The Norwegian pension fund KLP withdrew its investment from APSEZ, citing that “Adani’s operations in Myanmar and its business partnership with that country’s armed forces constitute an unacceptable risk of contributing to the violation of KLP’s guidelines for responsible investment ...” (Fouche, 2021). Norway’s Norges Bank also excluded Korea Gas and India’s Gail due to the companies’ joint ventures with MOGE, while Japanese beer giant Kirin Holdings was placed on the watchlist until Kirin withdrew from Myanmar in March 2023 (Nikkei Asia, 2023). The influence of pressure from fund managers is clear in the case of the Dutch pension fund APG. It exerted significant pressure on POSCO C&C, a South Korean steel producer, to withdraw its investment in an entity controlled by the junta. The company heeded this pressure (APG, 2021). Beyond wealth funds, commercial banks began to restrict dealings with Myanmar. For example, Singapore’s United Overseas Bank (UOB) announced in August 2023 it would end its relationship with Myanmar banks (Robinson, 2023) and restrict transactions involving Myanmar. This discouraged investors and created difficulties (and heightened scrutiny) for MNEs’ banking transactions in and out of Myanmar.

#### 4.1.4. Anticipation of sanctions

In some cases, the exit decisions of MNEs were based on the likelihood of the sanctioned regimes being extended or the risk that their business operations in Myanmar would draw them within the fold of existing sanctions. These looming threats could be best described as anticipated sanctions pressures. For example, Telenor announced its decision to exit Myanmar, citing the country’s worsening human rights situation, lack of security, and the need to avoid breaching EU sanctions. Telenor expressed the concern that had they remained in Myanmar, they could have been forced to activate intercept equipment for use by the junta, potentially resulting in a breach of Norwegian and EU sanctions (Telenor Group, 2021). Telenor’s exit was intensely criticized by civil society groups and activists for its sale of Telenor Myanmar to a group with a poor human rights record and its Myanmar partner’s close link to the military.

TotalEnergies Myanmar (TEM) weathered strong public calls and civil society organization protest actions demanding an exit, before the company announced its decision to exit in January 2022, nearly one year after the coup. TEM ended its involvement in the gas consortium under persistent and widespread public commentary condemnation and lobbying from civil society organizations for sanctions on MOGE, TEM’s partner in the gas consortium. While MOGE is state-owned, the coup brought it under the direct control of the junta, and it played an essential

role in collecting gas revenues for the military. Later, the EU sanctioned MOGE. This also increased the likelihood of the US government following suit and the prospect of Chevron being a direct partner of a sanctioned entity. Chevron announced its exit in February 2023. Eight months on, the US announced a form of sanctions against MOGE on October 31, 2023 (Blinken, 2023).

Considering that sanctions are imposed in stages makes it possible for firms to act in anticipation of looming sanctions. When to act decisively can present a dilemma for firms as they weigh this against financial costs and reputational damage. Quite often, exit decisions went beyond financial matters as investors considered the impact on the employees the firms have invested in. An adviser to corporations explained: “If we leave, what does that mean for the people of Myanmar? ... And, you know, we Japanese do not like to abandon people.”

These findings suggest that the sanctions are not effective in isolation but work alongside informal pressures by the stakeholders who, in the context of our study, are successful in their campaigns against MNEs’ presence in Myanmar, as seen from the exits by Telenor, TotalEnergies, Inditex, and others. This argument enriches the institution-based view regarding how formal and informal institutions interact with and influence MNEs (Minefee & Bucheli, 2021; Peng et al., 2023), as we can observe informal pressures at work in Myanmar, something unique relative to other sanctioned regimes, where informal pressures are less visible and effective.

**Proposition 1. Informal institutional pressures enhance the effectiveness of formal institutional pressures – announced or anticipated sanctions.**

#### 4.2. Extraterritoriality of sanctions

Not only do sanctions affect MNEs operating in sanctioned regimes, but they can also affect these same MNEs in their subsequent FDI elsewhere as a repercussion of their dealings in sanctioned countries. These extraterritorial effects, which we have observed, are primarily adverse, meaning that MNEs’ legitimacy can be undermined in other countries for being involved with a sanctioned country.

Myanmar Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC) were military-controlled conglomerates sanctioned by the US, the UK, the EU, Canada, and Australia. However, of the MNEs that exited the coup-stricken Myanmar, only Kirin (Japan) and Adani (India) directly worked with these military-owned firms, and the sanctions did not directly impact them as their home governments had not imposed targeted sanctions. Nevertheless, we found an indirect impact from the sanctioned regime. For example, in August 2021, Adani Ports and Special Economic Zone Ltd (APSEZ) ran into problems when it applied for a general license from the Office of Foreign Assets Control (OFAC) of the US Department of Treasury for its project to operate a container terminal in Myanmar. APSEZ argued, “In a scenario where Myanmar is classified as a sanctioned country under OFAC and if stakeholders are uncomfortable or believe that continuance represents a violation of sanctions, APSEZ will abandon the project and write down project investments in full.” (Manoj, 2021). This shows the significant impact of the US sanctions as their extraterritorial catchment is wider than the country’s jurisdiction and is supportive of an argument being made in the literature around discreet pressures that the governments can exercise to punish MNEs (and their home countries) for not aligning with their political or social agendas (Cuervo-Cazurra et al., 2023).

The EU’s sanctions on MOGE impacted the Bank of China’s handling of financial transactions involving the foreign operators of the lucrative Shwe Gas consortium and MOGE. According to Kurtenback (2022): “the EU sanctions led the Bank of China to advise operators of the Shwe oil and gas field in northwestern Myanmar that it will not handle payments in Euros to MOGE out of concern they might fall afoul of those restrictions, according to activists briefed by two of the companies operating the project, POSCO International (South Korea) and Kogas

(India)." If the US Administration decides to impose full sanctions on MOGE in the future (Chanjaroen & Heijmans, 2023), the potential impact would be far-reaching considering the widespread use of the US dollar,

**Proposition 2. Sanctions have an extraterritorial impact beyond the sanctioned regime, with implications for other host countries where MNEs operate.**

#### 4.3. Conceptualizing the responsible exit

##### 4.3.1. Coding the extent of responsibility in exits

We evaluated announced exits as "responsible" or "irresponsible" by scoring each organization on a scale of 1 to 5, where 1 is the lowest possible score and is correspondingly highly problematic, and 5 is the highest possible score indicating highly responsible behavior. The coding was performed along the six variables identified through the triangulated data that formed the second-order codes in this study (Table 3) (i.e., legitimacy, transparency and due diligence in actions, response and/or withdrawal timing, human and labor rights adherence, employee safety and compensation, and ensuring resources are not left behind or sold to sanctioned parties). The scoring was based on interview findings as well as secondary data sourced from NGO reports and news articles (identified as a number of collected sources in Appendix A), where all available data was collated to provide a score for each of the six variables. Three researchers performed the scoring separately, then compared and discussed the results together to derive a consolidated

score for each of the variables for each organization. The final mean score for each firm ranges from the most responsible (which is 4 out of 5 for Germany's Giesecke+Devrient and the Asian Development Bank) to the least responsible (1.2 out of 5 for India's Adani Group). The scoring results that demonstrate responsible or irresponsible exit are presented in Table 3.

The data shows only five out of 30 firms demonstrate responsible conduct. Out of all exits observed in this study, two organizations made the most responsible exits: (1) the Asian Development Bank (4 out of 5) placed a hold on sovereign project disbursements and new contracts since the start of the military coup in 2021, and (2) Germany's Giesecke+Devrient (4 out of 5), a supplier of products used in making Myanmar bank notes, which suspended its deliveries just two months after the coup. The second most responsible exit was by an Italian global fashion brand, Benetton (3.5 out of 5), which had suspended its garment orders following the coup without resuming orders (unlike its competitors, such as H&M and Bestseller, that resumed sourcing from Myanmar after their initial decisions to stop Myanmar orders). Benetton Group Chief Executive Officer Massimo Renon said, "We cannot fail to contribute to respecting these values, and we intend to do our part. We will suspend orders to the country to send a strong and concrete signal" (Benetton Group, 2021). Australia's gas giant Woodside (3.5 out of 5) shared second place with Benetton when Woodside announced its exit close to one year after the coup, possibly succumbing to intense pressures from activists and civil society groups. The third most responsible was Singapore's TRD Consulting (3.25 out of 5), a supplier of anti-drone

**Table 3**  
Responsible vs irresponsible scoring system for MNEs in Myanmar

No	Organization	Considerations of legitimacy	Transparency and due diligence	Response and/or withdrawal timing	Human and labor rights adherence	Employee safety, compensation, and well-being	Ensuring resources are not left behind, sold to, or service sanctioned or unvetted parties	Average score of 5*
1	Kirin	2	3	1	Not available	5	1	2.4
2	Razer	3	3	2	Not applicable	Not applicable	1	2.25
3	TRD	3	4	5	Not applicable	Not applicable	1	3.25
4	Alphabet (Google Inc.)	2	5	2	1	Not applicable	1	2.2
5	Facebook	1	5	2	1	Not applicable	1	2
6	Asian Development Bank	5	5	5	Not applicable	Not applicable	1	4
7	H&M	2	3	3	1	1	Not applicable	2
8	Benetton Group	3	5	5	Not available	1	Not applicable	3.5
9	OVS	2	2	3	1	1	Not applicable	1.8
10	EDF	2	3	5	1	Not available	1	2.4
11	Bestseller	2	3	5	1	1	Not applicable	2.4
12	Pou Chen	1	2	2	1	1	Not applicable	1.4
13	Giesecke+Devrient	5	5	5	Not applicable	Not applicable	1	4
14	POSCO	1	2	2	Not applicable	Not available	1	1.5
15	Eneos	3	2	2	Not applicable	Not available	1	2
16	British American Tobacco	2	3	3	1	1	2	2
17	Total Energies	2	3	2	Not applicable	Not applicable	1	2
18	Woodside Petroleum	4	5	4	Not applicable	Not applicable	1	3.5
19	Telenor	2	3	2	Not available	1	1	1.8
20	Volitalia	3	2	2	Not available	Not available	2	2.25
21	Petronas	2	2	4	Not available	2	1	2.2
22	Adani Group	1	2	2	Not available	Not available	1	1.2
23	Chevron	2	3	2	Not applicable	Not applicable	1	2
24	Primark	3	5	5	1	1	Not applicable	3
25	PUMA	2	4	1	Not available	Not available	2	2.25
26	Marks & Spencer	4	4	3	Not available	1	Not applicable	3
27	PTT	1	2	1	1	1	1	1.33
28	Mallee Resources	3	4	1	1	Not applicable	1	2
29	United Overseas Bank	2	5	1	Not available	Not available	1	2.25
30	Inditex	2	3	2	1	1	Not applicable	1.8

1) 1 is highly irresponsible and 5 is entirely responsible. An average of five factors was taken to calculate the final score of exit's level of responsibility.

2) Not applicable stands for non-involvement of organizations in this metric, e.g., firms exporting to Myanmar have no employees in the supply chain in Myanmar to score on employee well-being scale. Not available stands for no information were available to provide a score.

technology to the police in Myanmar before the coup. The company canceled its deal with Yangon International Airport immediately and unequivocally after the 2021 coup.

These companies avoided the “irresponsible” stigma through responsible and forthright actions. They demonstrated how to exit the country with minimal harm to stakeholders but a noticeable effect on the regime. However, it is worth noting that these MNEs, except for Woodside, did not have significant investments in Myanmar, as per their own and media-reported claims. Otherwise, exits often take months or years after the intention to exit is announced. As for Woodside, given that the company only invested in exploration, having only “exploration assets, but has not yet owned any producing assets at the time of exit” (a business consultant 4), it was easier to exit. Below, we explore the findings deeper to conceptualize what constitutes a responsible exit.

#### 4.3.2. Considerations of legitimacy at home and abroad

Through our findings, we observe different characteristics of strategic exits. This allows us to determine specific factors leading to responsible exits. To start with, the legitimacy context determines responsible exits. MNEs with high legitimacy at home or abroad, such as MNEs with internationally recognized brands, and where their legitimacy can be easily compromised, i.e., consumer-focused MNEs, will be more attentive to preserving their legitimacy and hence more likely to exit responsibly. Here, we align the strategic exits literature with the arguments from institutional theory on legitimacies (Scherer et al., 2013; Suchman, 1995) by connecting decisions around the responsibility of exits with the need for the preservation of legitimacy.

Exits were carried out after the MNEs carefully evaluated the risks (of staying) as opposed to the risks (of exiting). As commented by those interviewed for the study: “reputational damage is what they are worried about as well. Another thing is that they worry about their money.” (an academic researcher and commentator.)

**Proposition 3. MNEs are more likely to exit responsibly, *ceteris paribus*, if they have higher considerations for their legitimacy.**

#### 4.3.3. Leaving sensitive data to the military

The involvement of Norway’s Telenor in Myanmar did not end with its decision to withdraw. It has been mired in criticism from stakeholders in its home country and the host country regarding the integrity and human rights track record of the companies that acquired Telenor’s mobile operations in Myanmar. Telenor Myanmar was sold at a significant loss to a local conglomerate, Shwe Byain Phyu (majority owner), which has a longstanding and close relationship with top generals, both past and current serving members in the junta, and the Lebanon-based group, M1 Group, which has a history of working in countries ruled by brutal regimes – Lebanon, Sudan, Syria, and Yemen (Nouredddeen, 2021). The concern was that the new buyers, under duress, could agree to activate intercept surveillance technology that invades users’ private communications and give in to demands to reveal customer data and usage history, given that dissidents inside Myanmar solely relied on social media to promote the anti-coup movement (Potkin, 2021). Telenor’s irresponsible exit was criticized because it was seen as the company, “decided to get out by selling to M1 that was so closely associated with the military.” (Head of a leading advocacy group.)

While Telenor Group did not directly breach the EU sanctions by selling to Shwe Byain Phyu and the M1 Group, Telenor Group was accused of potentially aiding and abetting the buyers to violate EU sanctions on Myanmar (Justice for Myanmar, 2022b). The intercept surveillance technology technology was left in Myanmar when the sale was completed.

#### 4.3.4. Buyers with close links to the junta

For those exiting firms with assets to sell, their exits were considered irresponsible when assets were transferred to firms with ties to the military. For example, Petronas’s exit was considered irresponsible

because it handed the project over to Gulf Petroleum Myanmar (GPM), a private oil and gas company with long-term business links to the Myanmar military (Justice for Myanmar, 2022a). The divestment of Petronas and its partners would provide the Myanmar junta with a continuing source of revenue.

Therefore, it was easier to disentangle from the sanctioned regime if MNEs had no prior connection to the sanctioned government, either formally (via co-ownership or board representation) or informally (via noncontractual channels). Politically disconnected MNEs had fewer constraints in being able to sell to or find a third-party buyer for their assets not connected to the government. Conversely, if an MNE had a joint venture or co-ownership with the local government, the latter would likely have the right of first refusal or veto rights over the decision to sell the MNE’s stake, making responsible exit less likely. Kirin’s decoupling efforts from its joint venture military-owned partner and the way Kirin made sure its exit did not benefit the military was hailed as “a cautious approach, and a far more principled approach, in attempting to devise a way of divesting that benefited the military as little as possible”. (A head of a leading advocacy group.)

**Proposition 4. MNEs are more likely to exit responsibly, *ceteris paribus*, if they have no connections to the sanctioned government.**

#### 4.3.5. Conducting thorough due diligence

Despite the global guidelines, some MNEs failed to conduct due diligence thoroughly and deeply. A prominent activist in exile interviewed for the study reflected about Telenor Myanmar’s exit: “(Telenor) should do more research and conduct more due diligence ... they are responsible for data privacy. However, the challenge is that they do not have anyone who is not connected to the military to sell to. So, the buyer is based in Singapore, so it shows they tried to avoid military connection, but more digging could have shown that the company is connected to the military ... They just wanted to leave quickly.” Conducting due diligence involves stakeholder consultation. As a social media activist pointed out, “They must do due diligence. Yes, they must ensure that all stakeholders are being contacted and all complaints are being reviewed thoroughly.”

**Proposition 5. MNEs are more likely to exit responsibly, *ceteris paribus*, if they demonstrate adherence to conducting heightened due diligence.**

#### 4.3.6. Consideration of human rights

An important aspect is the consideration of human rights. The judgment of responsible vs. irresponsible exit is based on whether an MNE has conducted heightened due diligence following the UN Guiding Principles on Business and Human Rights (United Nations, 2011) and OECD guidelines for multinational enterprises (OECD, 2023). Compliance with these guidelines would enhance MNEs’ responsibility, as reasoned by the head of a leading advocacy group, “There are now the accepted global standards ... they are the standards against which the process and arrangements for exits will be measured ... the more compliance there is with those principles, the more responsible the exit will be considered.”

Myanmar Metals (an Australian Stock Exchange-listed Australian mining company), which changed its name to Mallee Resources, was found to be in breach of the OECD Guidelines for Multinational Enterprises by the Australian National Contact Point (Australian National Contact Point for Responsible Business Conduct, 2023). A former CEO of an advocacy group that filed a complaint with other NGOs and was interviewed for this study said: “... the company failed to do proper human rights due diligence, did not have a human rights policy, and failed to disclose material risks around its business links to Myanmar cronies supportive of the junta, and also the risks of conflict around the mine site.”

**Proposition 6. MNEs are more likely to exit responsibly, *ceteris***

*paribus, if they adhere to the UN human and labor rights principles.*

#### 4.3.7. Workers' welfare and safety

Workers' welfare and safety are at the center of requirements in responsible exits. Many international garment labels resumed orders in Myanmar's factories after a brief period of exits. Given that the manufacturing sector employs the most workers, international garment labels have come under the spotlight amidst a call for respecting workers' rights (D'Innocenzio & Kurtenbach, 2021). On the one hand, because jobs at garment factories provide much-needed income to workers (mainly female workers who move to industrial zones from rural areas to work in garment factories), withdrawals of garment orders by international garment labels were not welcomed by many (Hogan, 2024). On the other hand, many garment factories, in the climate of the country placed under military control, are ripe with labor rights violations. To help the labels navigate exit from Myanmar responsibly, IndustriALL Global Union published "A framework for responsible disengagement from Myanmar" (IndustriALL Global Union, 2023). The framework emphasizes workers' rights, safety, pay, and consultation. It would be interesting to observe (1) whether garment labels do decide to stop orders in Myanmar (given that the framework from a global union is non-binding and only serves as a guideline) and (2) how they would execute the process of responsible exit. According to a manager of a labor NGO: "Since IndustriALL and a partner organization published their framework for responsible exit, we should wait to see whether their responsible exits are aligned or not ... this kind of framework would be beneficial for us to measure what responsible means, unlike mining or oil and gas sectors, they have no framework or guidelines how to exit responsibly. That said, even this framework still does not explain HOW but more on SHOULD."

**Proposition 7.** *MNEs are more likely to exit responsibly, ceteris paribus, if they ensure employees' safety, well-being, and compensation.*

#### 4.3.8. Timing of exit

Exit timing significantly affects whether the exit is perceived as responsible or irresponsible. The longer a company took to exit following the February 2021 coup, the more likely it was to attract criticism and be deemed irresponsible. When Adani announced its intention to exit in June 2022, the anti-coup movement pointed out that Adani had already paid around \$90 million to its JV partner MEC (a military-owned conglomerate) (Justice for Myanmar, 2021). Likewise, it took nearly two years for Chevron to exit. EarthRights International commented: "As it exits, Chevron is ignoring the reality that its fossil gas contracts are with the government of Myanmar, not with a violent junta that UN experts say has a fraudulent claim to legitimacy. Recent US legislation proposes exemptions that appear tailor-made for Chevron's contracts, confirming that they are with the Government of Burma (Myanmar). Yet every month, Chevron allows millions of dollars it owes to the Government of Myanmar to be paid to accounts illegally seized by the junta." (Fried, 2023).

Finally, MNEs starting the divestment process earlier in the sanctioned country had more time for due diligence and responsible exit planning, including finding alternative buyers. As we have seen through some of the irresponsible exits or low-profile strategies (i.e., where it is difficult to determine the nature of an exit or even if there is an exit at all), delayed divestment increases the risk of being perceived as exiting irresponsibly, especially if the process extends indefinitely. MNEs with prolonged divestment may face accusations of employing low-profile strategies (Meyer & Thein, 2014).

**Proposition 8.** *MNEs are more likely to exit responsibly, ceteris paribus, if, once they have conducted their due diligence, they respond in a timely manner to stakeholders and the changing external environment.*

In summary, we provided a more nuanced conceptualization of strategic exits by MNEs from sanctioned regimes by theorizing under which conditions the sanctions were more effective and the extent of their effect. We also have provided eight propositions that conceptualize what determines the likelihood of a responsible exit. Our work has implications for the multiple facets of institutional theory, namely institutional pressures, and legitimacy. Fig. 1 provides an integrative framework of institutional pressures on MNEs in sanctioned regimes and beyond, the strategic choices available to MNEs, and the factors that are accountable toward responsible exits per the propositions offered in this paper.

## 5. Discussion of contributions

Overall, three contributions emerge from our study on ethical dilemmas regarding MNE exits from Myanmar. First, we provide a theoretical contribution by extending the institution-based view (Aliasghar & Rose, 2023; Danquah & Sen, 2022; Marano et al., 2016; Meyer & Thein, 2014; Peng et al., 2023). We provide a framework of interactions between formal and informal institutions in home and host countries. Namely, we emphasize the dynamic relationship between formal institutional pressures (i.e., sanctions) and informal institutional pressures (i.e., pressures by stakeholders such as activists) in a specific context of MNE exits from the sanctioned host country through two avenues. We investigate how MNEs selectively respond to institutional pressures, where the relative importance of informal versus formal institutional pressures shapes their exit strategies. This study's key contribution is highlighting that MNEs are more likely to adopt responsible exit strategies contingent on certain conditions. By exploring the implications of ethical dilemmas of MNE behavior during sanction periods, this study enriches our understanding of the institution-based view within a specific context. We further consider how MNEs' legitimacy (shaped by institutional pressures) and its preservation impacts decisions to exit from sanctioned countries. Large MNEs that act as "national champions" face different pressures from their home governments or stakeholders to execute responsible exit strategies. Such pressures increase, especially in strategic industries (e.g., telecommunications) or state-owned enterprises. Our study's findings are novel in addressing divestment complexities from the national champions' perspective in the age of deglobalization, reshoring, and import substitution. In our case, we go beyond the limited confines of business and government relations. We include other stakeholder relations that complicate firm-level decision-making, specifically activists and NGOs. This is because, in many cases, MNEs' exits have responded to activists' pressures rather than a regulatory measure such as sanctions.

Our second contribution lies in aligning the strategic exit literature with the institution-based view (Bruno et al., 2022; Peng et al., 2023), particularly in the context of host country sanctions. By integrating the institution-based view, our study extends the understanding of strategic exits beyond purely economic motivations, showcasing the significance of non-economic factors, such as seeking legitimacy, in shaping exit decisions. Moreover, our innovative categorization of exit strategies, which accounts for ethical dilemmas, pushes the boundaries of the strategic exit literature, providing a more comprehensive framework for analyzing exit decisions. Additionally, exploring factors influencing responsible exit further enriches the literature, uncovering the intricate complexities involved in strategic exits. Ethical dilemmas can result from divided views within the international community on what constitutes responsible or irresponsible behavior when exiting. Those advocating for 'staying' would argue that exiting would worsen the human rights situation because of assets being transferred to a less ethical party who is more likely to be connected and/or influenced by the sanctioned regime. In contrast, those advocating for exit would focus their argument on stopping financial contributions to the sanctioned regime. There has also been an argument over how effectively and meaningfully human rights due diligence can be conducted in a crisis

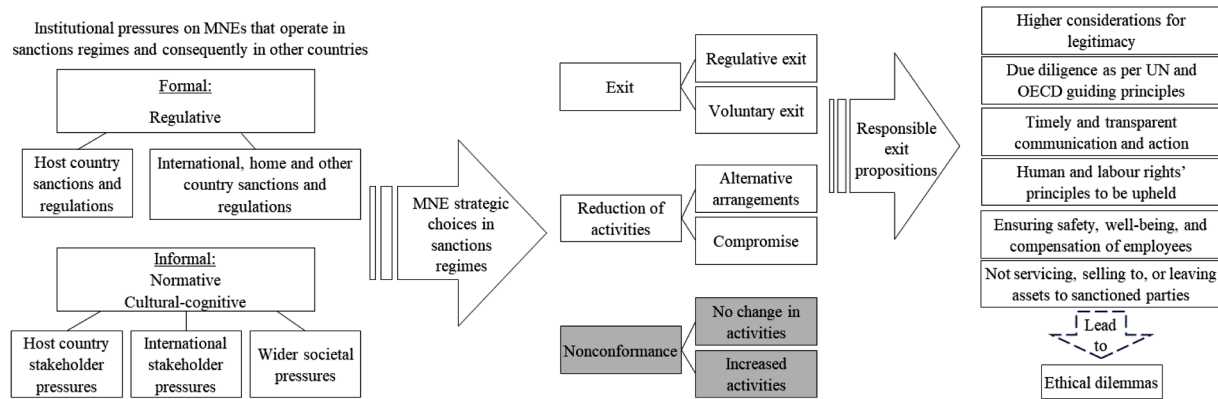


Fig. 1. Integrative framework of institutional pressures on responsible exits of MNEs in sanctioned regimes

including an absence of civil society organizations (CSOs). The longer an MNE takes to implement the exit the higher the likelihood of being labeled irresponsible. MNEs face an ethical dilemma weighing up the impact of abandoning employees without compensation structures and proper processes in place when exiting immediately versus contributions to sanctioned parties when continuing to do business in the country. As such, decisions regarding the timing of an exit from sanctioned regimes can present ethical challenges, as premature or delayed exits may have different ethical implications. Our respondents argued against quick exits, advocating for responsible transitions to prevent uncertainty; however, it is not an easy task. While a responsible exit is crucial, some companies may opt for a quick exit to recoup their investments and protect shareholder interests, especially when they have a single asset in their portfolio. However, prolonged stays risk reputational harm. There is a distinction between public perception and expert analysis regarding the speed of exits. Publicly, a quick exit may be considered responsible, but experts emphasize the need for thorough exit procedures, underscoring the complexity of ethical decision-making in strategic exits.

Finally, ethical dilemmas may evolve as opinions and circumstances change, making it important to continuously reassess the ethical dimensions of strategic exits from sanctioned regimes. Balancing human rights and humanitarian issues can be ethically complex when deciding to exit a sanctioned regime. In the case of garment factories, leaving hundreds of thousands of workers unemployed is a concerning consequence of such exits, prompting a reconsideration of the notion of responsibility over time. Thus, our study offers valuable insights into the multifaceted nature of strategic exits, contributing to a deeper understanding of the interplay between economic and non-economic motivations, ethical dilemmas, and institutional pressures during sanctioned periods. We encapsulate our arguments around related propositions, and hence, our study is the first to generalize the notion of responsible exits inductively.

Third, we contribute to the literature on sanctions, which examines the effectiveness of sanctions on MNEs and their exit decisions (Gonchar & Greve, 2022; Meyer et al., 2023; Meyer & Estrin, 2023) through an understudied context of Myanmar. Most exits are in anticipation of future regulatory pressures or because of ethical considerations, indicating that sanctions do work, but indirectly. Sanctions often indirectly influence MNEs, driving strategic exits from markets, not merely in direct response to regulatory measures, but as a preemptive response to anticipated pressures or ethical considerations. Thus, sanctions act as catalysts for MNEs to adapt, reconfigure, or exit markets, revealing nuanced dynamics in regulatory impacts on corporate behavior and exit decisions. Thus, this study sheds light on an aspect that might not have been extensively explored in the extant literature, emphasizing the influence of ethical considerations and regulatory anticipation as key drivers of MNE exit strategies during sanctions. Finally, we demonstrate

the extraterritorial nature of sanctions that may affect MNEs' subsequent FDI in third countries. Given the lack of evidence on sanctions' effects in other countries, our study on Myanmar conceptualizes responsible exits that can be tested in a different context.

### 5.1. Direction for future research

Our study investigates the complexities MNEs face in their investments from countries subject to international sanctions. While we establish a taxonomy of strategic choices related to exits, we can only depict certain possible cases of divestments due to the relatively small size of the economy studied. A longitudinal or a comparative study would allow an increase in the variety of cases under observation and further generalization. This study calls for future research on responsible exit strategies, especially in times of opposing world factions in larger and smaller countries. Specifically, while we have provided evidence that some MNEs do anticipate sanctions through the analysis of case studies in response to a call in Meyer et al. (2023), future studies could further investigate this mechanism, especially what type of exits MNEs adopt in anticipation of sanctions. Finally, while we have uncovered that MNEs, in case of uncertainty, can adopt low-profile strategies, this type of strategy is less studied in the context of sanctions and merits future attention from research.

### 5.2. Managerial and policy implications

The responsible exit dilemma, the distinct institutional and stakeholder pressures conferred by different countries, and the importance of sanctions on MNEs' internationalization point to the need for managers to reconsider their international business strategy and for public officials, their international business policy. Traditionally, the international business literature recommends that governments take an active role in facilitating investments by multinationals (Cavusgil, Ghauri, & Liu, 2021; Cuervo-Cazurra et al., 2023). However, in the case of countries with sanctioned regimes, the home country governments must consider whether to adhere to international sanctions or not (Morgan et al., 2023; Peng et al., 2023). This creates tension between policy development that is directly implemented through the creation of laws and regulations that can be applied to multinationals on the one hand and indirectly through sanctions, which can be a tool to force political concessions or promote peace on the other hand. Suppose host country policymakers want to preserve FDI. In that case, it is crucial to understand the behavior of MNEs to develop measures to prevent exit and protect jobs, business activities, and technological learning associated with FDI. Further, for home country policymakers, our study provides evidence that the effect of sanctions is complex and extends beyond the territorial borders of the sanctioned country. Hence, when sanctioning one regime, the policymakers should envisage multiple scenarios where the flow of

FDIs will change, with FDIs from countries responding to the sanctions being replaced by those from countries that do not adhere to the sanctioned regime.

## 6. Conclusion

This study highlights the importance of formal and informal institutional pressures, particularly how they shape MNEs' legitimacy. We study the ethical dilemma in the strategic choices that MNEs face in countries with sanctioned regimes. We develop a novel categorization of strategic choices by MNEs and propose factors that determine whether an exit is likely to be done responsibly. Activists are increasingly concerned with MNEs in sanctioned regimes while existing studies have paid scant attention to what happens after the multinationals exit the sanctioned countries. Our study provides a novel lens on MNEs' challenges when exit options are limited or have complex ramifications. We hope that the ideas in the paper open new avenues of research on this important phenomenon and a better understanding of institutional theory and divestment strategies for multinationals.

## CRedit authorship contribution statement

**Htwe Htwe Thein:** Writing – review & editing, Validation, Supervision, Project administration, Methodology, Investigation, Funding acquisition, Formal analysis, Data curation, Conceptualization. **Anna Grosman:** Writing – review & editing, Supervision, Project administration, Investigation, Formal analysis, Conceptualization. **Sergey Sosnovskikh:** Writing – original draft, Methodology, Investigation, Formal analysis, Conceptualization. **Anton Klarin:** Writing – review & editing, Writing – original draft, Validation, Investigation, Formal analysis, Data curation, Conceptualization.

## Declaration of competing interest

We have no conflicts of interest to disclose.

## Data availability

The data that has been used is confidential.

## Supplementary materials

Supplementary material associated with this article can be found, in the online version, at [doi:10.1016/j.jwb.2024.101585](https://doi.org/10.1016/j.jwb.2024.101585).

## References

- Aliasghar, O., & Rose, E. L. (2023). Adjustment strategies for firms affected by international sanctions. *Multinational Business Review*, 31(4), 586–601. <https://doi.org/10.1108/MBR-07-2022-0105>
- APG. (2021). Korean steel producer stops in Myanmar after pressure. APG. <https://apg.nl/en/publication/korean-steel-producer-stops-in-myanmar-after-pressure-from-apg/>.
- Australian National Contact Point for Responsible Business Conduct. (2023). *Final Statement: Complaint submitted by Publish What You Pay Australia in its own name and on behalf of the Myanmar Alliance for Transparency and Accountability and the Bawdwin Labour Union against Mallee Resources Limited*. The Treasury: Australian Government. <https://ausncp.gov.au/sites/default/files/2023-08/27-ausncp-final-statement.pdf>.
- Bapat, N. A., & Kwon, B. R. (2015). When Are Sanctions Effective? A Bargaining and Enforcement Framework. *International Organization*, 69(1), 131–162. <https://doi.org/10.1017/S0020818314000290>
- Barnard, H., & Luiz, J. M. (2024). The South African economic elite and ownership changes in foreign multinationals' assets during and after Apartheid-era sanctions. *Journal of World Business*, 59(5), Article 101555. <https://doi.org/10.1016/j.jwb.2024.101555>
- Beddewela, E., & Fairbrass, J. (2016). Seeking Legitimacy Through CSR: Institutional Pressures and Corporate Responses of Multinationals in Sri Lanka. *Journal of Business Ethics*, 136(3), 503–522. <https://doi.org/10.1007/s10551-014-2478-z>
- Benetton Group. (2021). *Benetton Group Suspends New Orders to Myanmar—Effective Immediately [Press Release]*. March 12. Benetton Group Official Website <https://www.benettongroup.com/en/media-press/press-releases-and-statements/benetton-group-suspends-new-orders-to-myanmar-effective-immediately/>.
- Blinken, A. J. (2023). *Sanctions Against the Myanmar Oil and Gas Enterprise and Concerted Pressure with Partners*. [Press Statement]. U.S. Department of State. <https://www.state.gov/sanctions-against-the-myanmar-oil-and-gas-enterprise-and-concerted-pressure-with-partners/>
- Boddewyn, J. J., & Peng, M. W. (2021). Reciprocity and informal institutions in international market entry. *Journal of World Business*, 56(1), Article 101145. <https://doi.org/10.1016/j.jwb.2020.101145>
- Bruno, R. L., Crescenzi, R., Estrin, S., & Petralia, S. (2022). Multinationals, innovation, and institutional context: IPR protection and distance effects. *Journal of International Business Studies*, 53(9), 1945–1970. <https://doi.org/10.1057/s41267-021-00452-z>
- Cavusgil, T., Ghauri, P. N., & Liu, L. A. (2021). *Doing Business in Emerging Markets*. Thousand Oaks: Sage Publishing.
- Chanjaroen, C., & Heijmans, P. (2023, March 24). US Weighs Energy Sanctions on Myanmar That Risk Hurting Allies. *Bloomberg Online*. <https://www.bloomberg.com/news/articles/2023-03-24/us-weighs-energy-sanctions-on-myanmar-that-risk-hurting-allies>.
- Corbin, J., & Strauss, A. (2015). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory* (4th ed.). Thousand Oaks: Sage Publishing.
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Thousand Oaks: Sage Publishing.
- Cuervo-Cazurra, A., Grosman, A., & Megginson, W. L. (2023). A review of the internationalization of state-owned firms and sovereign wealth funds: Governments' nonbusiness objectives and discreet power. *Journal of International Business Studies*, 54(1), 78–106. <https://doi.org/10.1057/s41267-022-00522-w>
- D'Innocenzio, A., & Kurtenbach, E. (2021). Myanmar garment workers urge global brands to denounce coup. *PBS NewsHour*. <https://www.pbs.org/newshour/world/myanmar-garment-workers-urge-global-brands-to-denounce-coup>.
- Danquah, M., & Sen, K. (2022). Informal institutions, transaction risk, and firm productivity in Myanmar. *Small Business Economics*, 58(3), 1721–1737. <https://doi.org/10.1007/s11187-020-00441-w>
- Darendeli, S. I., & Hill, T. L. (2016). Uncovering the complex relationships between political risk and MNE firm legitimacy: Insights from Libya. *Journal of International Business Studies*, 47(1), 68–92. <https://doi.org/10.1057/jibs.2015.27>
- Doh, J., Rodrigues, S., Saka-Helmhout, A., & Makhija, M. (2017). International business responses to institutional voids. *Journal of International Business Studies*, 48(3), 293–307. <https://doi.org/10.1057/s41267-017-0074-z>
- Drezner, D. W. (2021). The United States of Sanctions: The Use and Abuse of Economic Coercion. *Foreign Affairs*, 100, 142–154.
- Estrin, S., & Meyer, K. (2023). Why it's so difficult for companies to leave Russia [LSE Blogs]. *LSE Business Review*. <http://eprints.lse.ac.uk/id/eprint/118592>.
- Evenett, S. J., & Pisani, N. (2023). Geopolitics, conflict, and decoupling: Evidence of Western divestment from Russia during 2022. *Journal of International Business Policy*, 6(4), 511–540. <https://doi.org/10.1057/s42214-023-00167-y>
- Fouche, G. (2021). *Nordic fund KLP divests from Adani Ports over links to Myanmar military*. June 22. Reuters <https://www.reuters.com/business/nordic-fund-klp-divests-adani-ports-over-links-myanmar-military-2021-06-22/>.
- Fried, K. (2023). *Chevron Again Chooses Irresponsible Divestment Over Human Rights [Media Release]*. February 14. EarthRights International [https://earthrights.org/media\\_release/chevron-again-chooses-irresponsible-divestment-over-human-rights/](https://earthrights.org/media_release/chevron-again-chooses-irresponsible-divestment-over-human-rights/).
- Gaur, A., Settles, A., & Väättäen, J. (2023). Do Economic Sanctions Work? Evidence from the Russia-Ukraine Conflict. *Journal of Management Studies*, 60, 1391–1414. <https://doi.org/10.1111/joms.12933>
- Gonchar, K., & Greve, M. (2022). The impact of political risk on FDI exit decisions. *Economic Systems*, 46(2), Article 100975. <https://doi.org/10.1016/j.ecosys.2022.100975>
- Hermes, J., & Mainela, T. (2022). Actor legitimation in emerging markets: A network-embedded process. *Journal of World Business*, 57(4), Article 101315. <https://doi.org/10.1016/j.jwb.2022.101315>
- Hillman, A. J., & Wan, W. P. (2005). The determinants of MNE subsidiaries' political strategies: Evidence of institutional duality. *Journal of International Business Studies*, 36(3), 322–340. <https://doi.org/10.1057/palgrave.jibs.8400137>
- Hogan, L. (2024). *Single mothers turning to sex work as factory employer pays \$4 per day*. February 1. ABC News <https://www.abc.net.au/news/2024-02-02/garment-worker-s-in-myanmar-as-fashion-brands-leave/103407518>.
- Holliday, I. (2005). Doing Business with Rights Violating Regimes Corporate Social Responsibility and Myanmar's Military Junta. *Journal of Business Ethics*, 61(4), 329–342. <https://doi.org/10.1007/s10551-005-8178-y>
- Hufbauer, G. C., & Jung, E. (2020). What's new in economic sanctions? *European Economic Review*, 130, Article 103572. <https://doi.org/10.1016/j.eurocorev.2020.103572>
- IndustriALL. (2023). *IndustriALL campaign pushes H&M withdrawal from Myanmar*. August 18. IndustriALL <https://www.industriall-union.org/industrial-campaign-pushes-hm-withdrawal-from-myanmar>.
- IndustriALL Global Union. (2023). *Framework for a responsible business disengagement from Myanmar*. <https://www.industriall-union.org/framework-for-a-responsible-business-disengagement-from-myanmar>.
- Justice for Myanmar. (2021). *Australian and Myanmar groups welcome Adani Ports' withdrawal from Myanmar and renew calls to shelve Carmichael coal project | Justice For Myanmar [Press Release]*. <https://www.justiceformyanmar.org/press-releases/australian-and-myanmar-groups-welcome-adani-ports-withdrawal-from-myanmar-and-renew-calls-to-shelve-carmichael-coal-project>.
- Justice for Myanmar. (2022a). *Petronas, PTTEP, ENEOS, Mitsubishi Corp & Japan Gov irresponsibly exiting Yetagun gas project | Justice For Myanmar*. <https://www.justicefor>

- myanmar.org/press-releases/petronas-pttep-eneos-mitsubishi-corp-japan-gov-irres-possibly-exiting-yetagan-gas-project.
- Justice for Myanmar. (2022b). *Telenor Group violating sanctions through installation and imminent transfer of German Lawful Intercept Gateway | Justice For Myanmar*. <http://www.justiceformyanmar.org/press-releases/telenor-group-violating-sanctions-through-installation-and-imminent-transfer-of-german-lawful-intercept-gateway>.
- Khoury, T. A., & Peng, M. W. (2011). Does institutional reform of intellectual property rights lead to more inbound FDI? Evidence from Latin America and the Caribbean. *Journal of World Business*, 46(3), 337–345. <https://doi.org/10.1016/j.jwb.2010.07.015>
- Kipgen, N. (2021). *Democratisation of Myanmar (Second Edition)*. Taylor & Francis.
- Kornprobst, M., & Paul, T. V. (2021). Globalization, deglobalization and the liberal international order. *International Affairs*, 97(5), 1305–1316. <https://doi.org/10.1093/ia/iab120>
- Kurtenback, E. (2022). Myanmar Executions Revive Pressure for More Sanctions. *The Diplomat*. <https://thediplomat.com/2022/08/myanmar-executions-revive-pressure-for-more-sanctions/>.
- Leblang, D., & Peters, M. E. (2022). Immigration and Globalization (and Deglobalization). *Annual Review of Political Science*, 25(1), 377–399. <https://doi.org/10.1146/annurev-polisci-051120-105059>
- Manoj, P. Myanmar terminal: Adani seeks general permit from US government agency. <https://www.thehindubusinessline.com/companies/myanmar-terminal-adani-seeks-general-permit-from-us-government-agency/article35707453.ece>.
- Marano, V., Arregle, J.-L., Hitt, M. A., Spadafora, E., & van Essen, M. (2016). Home Country Institutions and the Internationalization-Performance Relationship: A Meta-Analytic Review. *Journal of Management*, 42(5), 1075–1110. <https://doi.org/10.1177/0149206315624963>
- Meyer, K., & Estrin, S. (2023). It's Hard to Say Goodbye: Managing Disengagement during Political Disruptions. *AIB Insights*, 23(2), 1–7. <https://doi.org/10.46697/001c.77073>
- Meyer, K. E., & Thein, H. H. (2014). Business under adverse home country institutions: The case of international sanctions against Myanmar. *Journal of World Business*, 49(1), 156–171. <https://doi.org/10.1016/j.jwb.2013.04.005>
- Meyer, K. E., Fang, T., Panibratov, A. Y., Peng, M. W., & Gaur, A. (2023). International business under sanctions. *Journal of World Business*, 58(2), Article 101426. <https://doi.org/10.1016/j.jwb.2023.101426>
- Minefee, L., & Bucheli, M. (2021). MNC responses to international NGO activist campaigns: Evidence from Royal Dutch/Shell in apartheid South Africa. *Journal of International Business Studies*, 52(5), 971–998. <https://doi.org/10.1057/s41267-021-00422-5>
- Morgan, T. C., Syropoulos, C., & Yotov, Y. V. (2023). Economic Sanctions: Evolution, Consequences, and Challenges. *Journal of Economic Perspectives*, 37(1), 3–30. <https://doi.org/10.1257/jep.37.1.3>
- Mulder, N. (2022). *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*. London: Yale University Press.
- Nikkei Asia. (2023, May 31). *ESG investors push international firms to rethink Myanmar projects*: Nikkei Asia. <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/ESG-invest-ors-push-international-firms-to-rethink-Myanmar-projects>.
- North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Noureddin, A., 2021. How the owners of M1 Group, Myanmar's newest telecoms operator, reaped huge profits under brutal regimes, August 5, <https://myanmar-now.org/en/news/how-the-owners-of-m1-group-myanmar-s-newest-telecoms-operators-reaped-huge-profits-under-brutal-regimes/>.
- O'Donoghue, S. (2023). *Goodbye Myanmar: Inditex to quit conflict-hit nation*. August 1. Euronews <https://www.euronews.com/culture/2023/08/01/goodbye-myanmar-fashion-industry-giant-inditex-to-quit-conflict-hit-nation>.
- OECD. (2018). *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*. OECD Publishing. <https://doi.org/10.1787/9789264290587-en>
- OECD. (2023). *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. OECD Publishing.
- Panibratov, A., & Gaur, A. S. (2022). Political drivers of international divestments of Russian MNEs. *BRICS Journal of Economics*, 3(1), 5–25. <https://doi.org/10.3897/brics-econ.3.e84707>
- Peksen, D. (2019). Political Effectiveness, Negative Externalities, and the Ethics of Economic Sanctions. *Ethics & International Affairs*, 33(3), 279–289. <https://doi.org/10.1017/S0892679419000327>
- Peng, M. W., Wang, J. C., Kathuria, N., Shen, J., & Welbourne Eleazar, M. J. (2023). Toward an institution-based paradigm. *Asia Pacific Journal of Management*, 40(2), 353–382. <https://doi.org/10.1007/s10490-022-09861-6>
- Potkin, F., Norway's Telenor says Myanmar unit sale plan followed junta's pressure on surveillance tech, Reuters, September 15. <https://www.reuters.com/world/norway-s-telenor-says-myanmar-unit-sale-came-after-juntas-pressure-surveillance-2021-09-15/>.
- Reid, H. (2023). *Exclusive: H&M says it will 'phase out' sourcing from Myanmar*. August 17. Reuters <https://www.reuters.com/business/retail-consumer/hm-says-it-will-phase-out-sourcing-myanmar-2023-08-17/>.
- Robinson, G. (2023). *Key Singapore bank UOB moves to cut off Myanmar: Clampdown seen as response to U.S. pressure, reputational risks*. August 9. Nikkei Asia <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Key-Singapore-bank-UOB-moves-to-cut-off-Myanmar>.
- S&P. (2021, April 12). *Removal of Adani Ports and Special Economic Zone from the Dow Jones Sustainability Indices*. Index Announcement. [https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210412-1355163/1355163\\_djsi-adani-20210412.pdf](https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210412-1355163/1355163_djsi-adani-20210412.pdf).
- Scherer, A. G., Palazzo, G., & Seidl, D. (2013). Managing Legitimacy in Complex and Heterogeneous Environments: Sustainable Development in a Globalized World. *Journal of Management Studies*, 50(2), 259–284. <https://doi.org/10.1111/joms.12014>
- Schnyder, G., & Sallai, D. (2020). Between a rock and a hard place: Internal- and external institutional fit of MNE subsidiary political strategy in contexts of institutional upheaval. *Journal of International Management*, 26(2), Article 100736. <https://doi.org/10.1016/j.intman.2020.100736>
- Shin, J., Mendoza, X., & Choi, C. (2022). Do internationalizing business group affiliates perform better after promarket reforms? Evidence from Korean SMEs. *Asia Pacific Journal of Management*, 39(2), 805–841. <https://doi.org/10.1007/s10490-021-09751-3>
- Spandler, K., & Söderbaum, F. (2023). Populist (de)legitimation of international organizations. *International Affairs*, 99(3), 1023–1041. <https://doi.org/10.1093/ia/iia048>
- Stepień, B., & Weber, P. (2019). Passive, Aggressive or Creative? Adjustment Strategies of Companies Affected by Sanctions. R. V. Tulder, A. Verbeke, & B. Jankowska (Eds.), *Passive, Aggressive or Creative? Adjustment Strategies of Companies Affected by Sanctions. International Business in a VUCA World: The Changing Role of States and Firms*, 14, 131–156. <https://doi.org/10.1108/S1745-88622019000014009>
- Stevens, C. E., Xie, E., & Peng, M. W. (2016). Toward a legitimacy-based view of political risk: The case of Google and Yahoo in China. *Strategic Management Journal*, 37(5), 945–963. <https://doi.org/10.1002/smj.2369>
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571–610. <https://doi.org/10.5465/amr.1995.9508080331>
- Telenor Group. (2021). *Continued presence in Myanmar not possible for Telenor*. Telenor Group Official Website. <https://www.telenor.com/media/newsroom/continued-presence-in-myanmar-not-possible-for-telenor/>.
- Thein, H. H., & Gillan, M. (2024). Poverty and conflict cripple Myanmar's post-coup economy. *East Asia Forum*. Australian National University. <https://eastasiaforum.org/2024/02/27/poverty-and-conflict-cripple-myanmars-post-coup-economy/>. February 2024.
- Thein, H. H. (2023). In Peng M.W. (Ed.), *Kirin Beer in Myanmar (5th ed.)*. Boston: Global Business.
- Tomizawa, A., Zhao, L., Bassellier, G., & Ahlstrom, D. (2020). Economic growth, innovation, institutions, and the Great Enrichment. *Asia Pacific Journal of Management*, 37(1), 7–31. <https://doi.org/10.1007/s10490-019-09648-2>
- Uhlin, A., & Verhaegen, S. (2023). Elites' (De) legitimization Practices toward International Organizations. *Global Studies Quarterly*, 3(2), ksad024.
- United Nations. (2011). *Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework (HR/PUB/11/04)*. United Nations Human Rights Office of the High Commissioner. [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf).
- United Nations. (2019). *The economic interests of the Myanmar military: Independent International Fact-Finding Mission on Myanmar*. Human Rights Council. [https://www.ohchr.org/Documents/HRBodies/HRCouncil/FFM-Myanmar/EconomicInterestsMyanmarMilitary/A\\_HRC\\_42\\_CRP\\_3.pdf](https://www.ohchr.org/Documents/HRBodies/HRCouncil/FFM-Myanmar/EconomicInterestsMyanmarMilitary/A_HRC_42_CRP_3.pdf).
- Weber, P. M., & Stepień, B. (2020). Conform or challenge? Adjustment strategies of sanction-torn companies. *The World Economy*, 43(11), 3006–3024. <https://doi.org/10.1111/twec.12985>
- Witt, M. A., Lewin, A. Y., Li, P. P., & Gaur, A. (2023). Decoupling in international business: Evidence, drivers, impact, and implications for IB research. *Journal of World Business*, 58(1), Article 101399. <https://doi.org/10.1016/j.jwb.2022.101399>
- Zhu, J., Jia, F., & Wu, H. (2019). Bankruptcy costs, economic policy uncertainty, and FDI entry and exit. *Review of International Economics*, 27(4), 1063–1080. <https://doi.org/10.1111/roie.12412>