

## **Using OFDI to Avoid Administrative and Political Constraints**

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## **Abstract**

We know little about the mechanisms through which domestic institutional

constraints affect Outward Foreign Direct Investment (OFDI). We argue that in the presence of political and administrative uncertainty at home, administrative and political escape is more prevalent among companies that have technological leadership at home and as a result rely on more re-deployable resources. We further provide validity for the supposition that administrative and political escape is a rational and profit-driven reaction against constraints that damage firm performance.