

Divestment Activities of Companies in Volatile Times*

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Abstract

The main objective of the research is to evaluate how the divestment activities of selected companies in the fuel sector have been affected by the impact of the ongoing pandemic and the war in Ukraine.

The study focused on a group of eight oil companies, covering the period from January 2018 to December 2022. The study analyzed both companies' divestment indicators and their financial condition, including profitability, liquidity, leverage.

The findings reveal that adverse economic conditions did not constitute a major driver of divestment activity. This was particularly evident in 2020, when the COVID-19 pandemic negatively impacted companies' financial positions. Throughout this period, divestment activity remained lower compared to years characterized by more favorable economic conditions. The analysis further highlighted that divestments can represent a valuable source of financing for corporate operations and contribute to enhancing financial liquidity. However, the considerable irregularity of proceeds from asset sales suggests that divestments may serve primarily as a supplementary means of raising capital.

Keywords: divestments, oil companies, COVID-19 pandemic.

JEL codes: G15, G31, E32.

Introduction

Enterprise management can be understood as a set of activities aimed at ensuring the effective functioning of an organization and achieving its strategic goals (Griffin, 2017). The classic functional structure of management encompasses several basic areas – strategic management, financial management, human resources management, marketing management, information and technology management, and innovation activity. Asset management is also a key area, combining elements of strategic, operational, and financial management. It encompasses the planning, operation, maintenance, modernization, and disposal of tangible, financial, and intangible assets to maximize value for the organization. Asset management covers investment activities understood as the acquisition and production of specific fixed assets for own needs.

Key aspects of asset management include asset identification and classification, their importance to the company's operations, asset lifecycle planning, cost and risk optimization, and integration with the organization's strategic goals. In this context, management decisions focus on financing, risk, project profitability, and the appropriate timing of investment implementation (Woodhouse, 2014). On the other hand, divestment processes are also a strategic element of asset management. Divestment (disinvestment) is the

reverse process of investment, involving the withdrawal of capital from specific assets, projects, organizational units, or markets. Its essence is the reduction or elimination of capital involvement in a specific area of activity.

The main reasons for divestment include reducing the scale of operations, changing the business profile, or the need to adapt the company's operations to changing economic and legal conditions. M. Porter (1987) points out that it is a strategic choice that may include the sale, spin-off, or liquidation of a part of the company in order to focus on more promising areas of activity. Divestment is therefore a tool for improving the financial efficiency and strategic flexibility of the company. Other factors contributing to divestment activity include excessive capital and cost intensity of selected asset groups, the need to restructure the enterprise, low profitability or efficiency of assets, and the need to raise capital by selling part of the assets to improve financial liquidity. Currently, the determinants of disinvestment may be the economic situation and the geopolitical situation, in particular those caused by the COVID-19 pandemic and the war in Ukraine. Limited sales opportunities, profitability and liquidity problems, supply chain constraints and rising operating costs are the determinants of divestment activity.

The main objective of the research is to evaluate how the divestment activities of selected companies in the fuel sector have been affected by the impact of the ongoing pandemic and the war in Ukraine. Particular attention was paid to investment and divestment activity, the value of divestments, and how well companies' capital needs were met. This case study focuses on eight companies in the fuel sector. Financial statements from the period 2018–2022 were used for the analysis.

Divestment activity - literature review

The divestment activities of a company are one of the key elements of management. This concept is analyzed in literature on corporate finance, strategic management and organizational restructuring. The term refers to the process of withdrawing capital from specific assets, projects or business units, and the concept has evolved in line with the development of management theory. This term is defined as a process involving the reduction or elimination of capital exposure in a specific area of activity, with the aim of improving the efficiency of the use of the company's resources (Sierpińska and Jachna, 2020). Osberg-Pociecha, on the other hand, defines divestments as actions taken by a company with the aim of reducing or even completely ceasing its operations. In Porter's view (1987), divestment is part of the business portfolio management process aimed at strengthening the company's competitive position. The literature also refers to a financial approach, according to which divestment is “the sale of assets or business units in order to raise cash or reduce liabilities” (Gaughan, 2018). However, it should be emphasized that divestment does not only mean the sale of assets, but is part of the strategic management of a company's asset portfolio and operations. Its essence is capital allocation – transferring resources from less effective or unprofitable areas to more promising investments (Sudarsanam, 2003). Disinvestment understood in this way is not only a response to financial problems, but also part of active management of the company's investment portfolio. Chow and Hamilton (1993) define divestment as an adaptive management function that is becoming increasingly common and accepted as a normal stage in a company's development. It combines industrial organization, finance, and corporate strategy.

An analysis of the literature reveals that the essence of divestment is to optimise asset structure to increase resource utilization efficiency and focus the company on its core activities. This process can involve selling fixed assets, organizational spin-offs or abandoning unprofitable investment projects. Apart from the financial aspect, Polish literature also emphasises the role of divestment in restructuring processes. As A. Zelek (2003) notes, divestment is one of the fundamental tools for restructuring an enterprise's assets and organization, enabling it to regain financial balance and increase its adaptability.

Both the literature on the subject and economic practice point to many different reasons why companies undertake divestment activities. The reasons for divestment decisions vary and may be due to both external and internal factors. External causes of divestment primarily relate to macroeconomic, market, technological, political, and social factors that limit the profitability or viability of continuing operations in a particular segment. One of the most important external factors is the change in the market environment – a decline in demand, increased competition, technological changes. Faced with a loss of competitive advantage or declining market attractiveness, companies are scaling back their activities to focus on segments with higher growth potential. According to Ernst&Young (2019), the factors motivating management to divest are: the need to streamline the current operating model, the company's low competitiveness, geopolitical uncertainty, and macroeconomic volatility. Another external factor is technological change, which can render existing assets or business models obsolete. Innovation brings about so-called creative destruction, forcing companies to withdraw from outdated technologies and industries. The external institutional environment, including changes in legal,

tax, or environmental regulations, is another group of reasons for divestment. Sierpińska and Jachna (2020) emphasize that stricter environmental protection or safety standards may make it unprofitable to continue operations, especially in energy-intensive sectors. Another reason for divestment activities is the restructuring of overly diversified companies. The term “overly diversified” companies, using Markides' (1995) terminology, refers to entities that voluntarily sell part of their activities unrelated to their core business. It is pointed out that asset disposal transactions can be considered part of a wave of corporate restructuring in line with certain exogenous environmental changes that reduce the optimal level of diversification among large companies (Haynes et. al. 2003). It is also worth noting that the modern approach to corporate governance emphasises pressure from shareholders, investment funds and public opinion, which can result in divestment for ethical, environmental or social reasons. This phenomenon, often observed in the fossil fuel or arms industries, is referred to in the literature as ethical divestment (Ansar et.al. 2013). The most commonly cited internal factors contributing to divestment are low profitability or asset efficiency, business restructuring, the need to raise capital, and changes in strategy relating to a focus on core competencies or markets (Prahalad and Hamel, 1990). Internal divestment factors mainly result from the desire to increase organizational, financial, and strategic efficiency. In this context, divestments are a tool for optimizing a company's business and asset portfolio. Mishra points out that the negative impact of assets on other areas of a company's operations is one of the reasons for divestment. He also highlights aspects such as the need to repay debt, increase working capital, lack of human resources, and failure to take advantage of changes in the market situation (Mishra, 2016). Brauer and Wiersema emphasize that divestments are treated as restructuring tools in situations where bankruptcy is imminent (Brauer and Wiersema, 2012). The sale of redundant or unprofitable assets and the spin-off of organized parts of the company enable an improvement in the economic and financial condition, thereby positively affecting the further development of the enterprise (Moschieri and Mair, 2008).

Divestments are crucial for the proper development of a company. Optimizing existing assets, adapting operations to changing realities, and enabling effective restructuring are all factors contributing to this type of activity. It's worth noting that the positive aspects of divestments include improved financial liquidity and reduced debt. In addition, these processes enable the company to increase its focus on strategic and profitable areas of activity by eliminating peripheral activities. Divestments are therefore an important tool in the process of corporate restructuring, leading to increased operational efficiency and organizational flexibility. However, it's important to remember that divestitures can have both positive and negative consequences for the company. As Rappaport (1998) and Gaughan (2018) emphasize, the effectiveness of divestment depends on its planned and strategic nature, and not on actions forced by current financial problems. The most important disadvantages include the possible loss of market share, reduction of production capacity, including innovation capacity, negative social consequences (e.g. employment reductions), loss of synergy between business units, as well as a potential decline in stakeholder and investor confidence. An incorrect strategic assessment of divestment may result in the elimination of important parts of the business which, despite their current low profitability, could become key to building competitive advantage in the future. Furthermore, although divestments often lead to a short-term cash inflow, if carried out improperly, they can worsen the company's financial situation in the long term, as the sale of assets with high profit potential in order to immediately improve liquidity may result in a long-term decline in the company's value.

Divestment is therefore not only a very important but also complex process that constitutes a strategic element of business management, allows for the optimization of asset structure, and can serve both to restructure and financially strengthen a company. The effects of this process depend on many external and internal factors, including whether management decisions are based on an analysis of effectiveness and strategic consistency, rather than on ad hoc responses to problems.

Economic and geopolitical instability and corporate divestment activities

The investment activity of enterprises is largely determined by external factors. The economic situation, including economic and political stability, government policy, and interest rates, plays a significant role in the decision-making process regarding investments and divestments. In recent years, the global economy has been subject to significant factors destabilizing the macro environment for businesses, in particular the COVID-19 pandemic and the outbreak of war in Ukraine. Numerous studies indicate a significant decline in investment spending in the period immediately following the outbreak of the pandemic (Q1-Q2 2020). There was marked heterogeneity between sectors: services, tourism and aviation experienced sharp cuts, while technology and health showed relative resilience or growth (Jiang et. al. 2021). Restrictions on investment activity were primarily related to an increase in uncertainty surrounding long-term returns (Graham et. al. 2024). Managerial and cross-sectional studies confirm that uncertainty over future revenues was one of the main factors inhibiting investment. The decline in credit availability, coupled with higher financing costs and the need to maintain

financial liquidity, meant that some companies suspended investments and began divestments. Research on the volume of divestments before and during the pandemic indicates that short-term market reactions (abnormal returns) differed between periods – the value effect after the announcement may have been weakened during the pandemic, depending on the industry and the seller's financial context (Wininger and Rujana, 2021). Although the volume and value of divestment transactions declined in the first year of the pandemic (lower market activity, difficulties in asset valuation), industry reports observed a rapid “catch-up” and increased interest in divestments as a tool for improving liquidity and focusing on key assets. However, it should be emphasized that rapid adaptations also emerged: companies with better liquidity and access to financing were more likely to maintain or even increase their investments, mainly in digital technologies and operational transformation, while some launched new strategic projects (EIB, 2024).

Russian aggression against Ukraine in 2022 was significant from the perspective of the global economy. In particular, significant changes in the prices of energy commodities, including crude oil, were observed. The supply shock and political risk were related to the fact that Russia was one of the key exporters of crude oil and refined products, so the threat of export restrictions or logistical difficulties caused an immediate increase in the risk premium on the commodity.



Fig. 1. WTI Brent crude oil price in 2018–2025

Source: *bankier.pl* (2025.10.29)

These events led to inflation and economic slowdown. Higher energy prices contributed to accelerated inflation and lower real incomes, which affected monetary policy in many countries (higher interest rates). Both the effects of the Covid-19 pandemic and the war in Ukraine have contributed to rising inflation and economic slowdown. In addition, the high sensitivity of markets to geopolitics influences investment decisions in the energy sector and, indirectly, in other sectors as well. Accelerated diversification of energy import sources, the growing importance of strategic reserves, and the revision of supply chains have a significant impact on the scope of investment and divestment activities. According to a report by E&Y, the COVID-19 pandemic has forced all companies, including those that reviewed their asset portfolios during the economic crisis, to rethink their strategies. The experience of the 2008 financial crisis shows that companies that dispose of some businesses in a timely manner perform better than those that do not.

Data and empirical results

The research included a group of 8 oil companies. The analysis was performed for the period from January 2018 to December 2022. The first stage of the research focused on the financial condition of the companies and their divestment activities. Following aspects were considered:

- liquidity,
- profitability,
- leverage.

Another step of the research was divestment activity of analyzed companies. The following ratios were introduced:

- divestment / fixed assets (D/FA),
- divestment / current assets (D/CA),

- divestment / cash flow operating activity (D/CFO)
- divestment / current liabilities (D/CL).

The first step of the study involved assessing the financial condition of the analyzed companies.

Table 1. Financial condition of the analyzed companies in the period 2018–2022

| Ratios | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|--|-------------|-------------|-------------|-------------|
| | BP | | | | |
| Quick ratio | 0.78 | 0.83 | 0.94 | 0.86 | 0.80 |
| Pretax ROA | 0.01 | 0.00 | 0.00 | 0.01 | 0.06 |
| Debt/equity | 0.66 | 0.79 | 1.15 | 0.92 | 0.82 |
| | Chevron Corp | | | | |
| Quick ratio | 1.04 | 0.85 | 0.92 | 1.02 | 1.23 |
| Pretax ROA | 0.02 | -0.03 | 0.00 | 0.03 | 0.04 |
| Debt/equity | 0.22 | 0.19 | 0.34 | 0.23 | 0.15 |
| | Exxon Mobil Corp | | | | |
| Quick ratio | 0.51 | 0.49 | 0.46 | 0.71 | 1.06 |
| Pretax ROA | 0.02 | 0.02 | -0.08 | 0.04 | 0.05 |
| Debt/equity | 0.20 | 0.25 | 0.43 | 0.28 | 0.21 |
| | Imperial Oil Ltd | | | | |
| Quick ratio | 1.03 | 1.10 | 0.99 | 1.21 | 1.04 |
| Pretax ROA | 0.03 | 0.01 | -0.04 | 0.03 | 0.05 |
| Debt/equity | 0.21 | 0.21 | 0.24 | 0.24 | 0.19 |
| | Marathon Oil Corp | | | | |
| Quick ratio | 1.54 | 1.18 | 1.27 | 1.07 | 0.67 |
| Pretax ROA | 0.03 | 0.00 | -0.03 | 0.06 | 0.06 |
| Debt equity | 0.45 | 0.45 | 0.51 | 0.38 | 0.52 |
| | OMV AG | | | | |
| Quick ratio | 1.08 | 1.00 | 0.92 | 1.13 | 1.29 |
| Pretax ROA | 0.03 | 0.02 | 0.03 | 0.03 | 0.03 |
| Debt/equity | 0.48 | 0.59 | 0.87 | 0.70 | 0.54 |
| | Shell PLC | | | | |
| Quick ratio | 0.98 | 0.86 | 0.98 | 1.08 | 1.10 |
| Pretax ROA | 0.02 | 0.01 | -0.01 | 0.04 | 0.04 |
| Debt/equity | 0.39 | 0.52 | 0.70 | 0.52 | 0.44 |
| | China Petroleum & Chemical Corp | | | | |
| Quick ratio | 0.57 | 0.44 | 0.58 | 0.55 | 0.42 |
| Pretax ROA | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 |
| Debt/equity | 0.23 | 0.47 | 0.41 | 0.42 | 0.47 |

Complementing the data in Table 2 is an analysis of the median of the indicators on an quarterly basis.

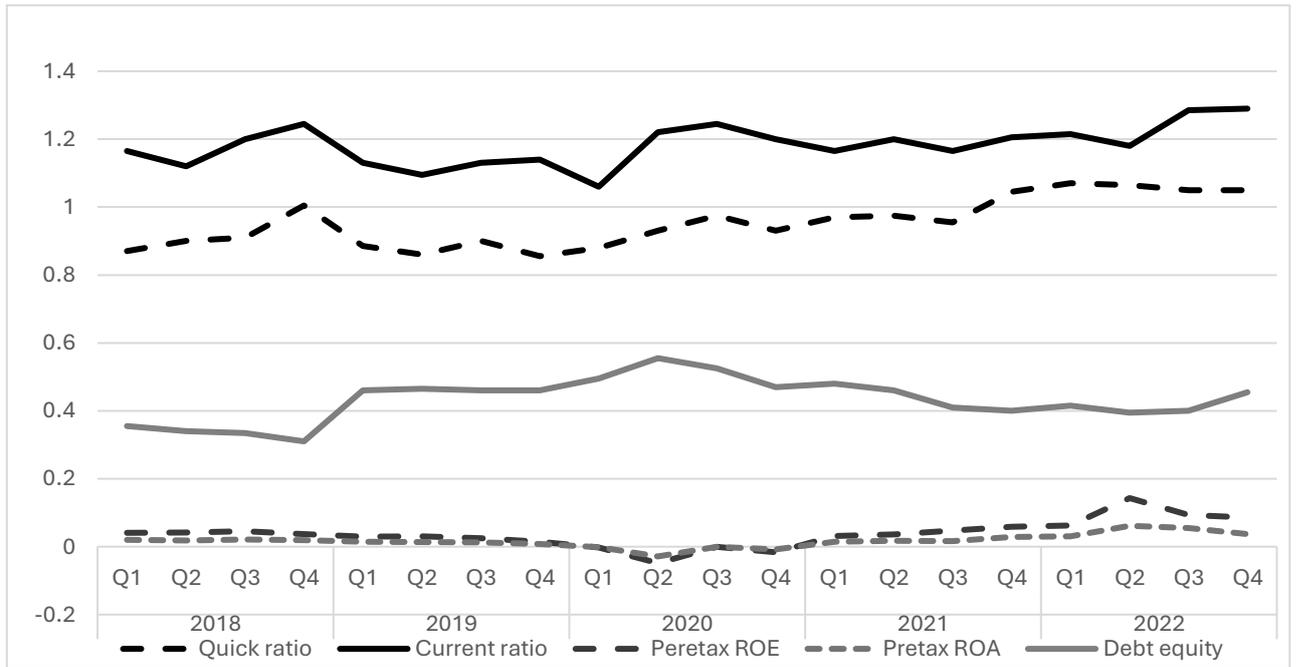


Fig. 2. Median of financial condition ratios in the period 2018-2022 (quarterly basis)

In general, the analyzed companies maintained satisfactory financial stability, with liquidity ratios largely within standard limits. Exceptions included Exxon Mobil Corp and China Petroleum & Chemical Corp, which reported relatively low values. The average liquidity ratios declined during 2019–2020, reflecting the economic disruptions associated with the COVID-19 pandemic.

The strong financial position of the analyzed companies is further confirmed by profitability indicators, particularly Pretax ROE and Pretax ROA. The vast majority of firms reported positive earnings, reflecting effective asset utilization. The highest average Pretax ROE was recorded for OMV AG (7.77%), consistent with the results observed for Pretax ROA.

The companies also demonstrated a moderate level of indebtedness. The debt-to-equity ratio remained below 1, indicating that equity was the dominant source of financing. Nearly all analyzed enterprises recorded an increase in debt levels in 2020 — the period marked by the outbreak of the COVID-19 pandemic, which led to a decline in profitability and, consequently, a rise in indebtedness.

The next stage of the research involved an analysis of the companies' divestment activities. The value of divestments is presented in Table 2.

Table 2. Divestment activity of analyzed companies in the period 2018-2022 (USD billion)

| Companies | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| BP | 1 495.00 | 1 516.00 | 573.00 | 2 965.00 | 2 529.00 |
| Chevron Corp | 17 322.00 | 8 112.00 | 4 711.00 | 7 156.00 | 4 081.00 |
| Exxon Mobil Corp | 10 551.00 | 4 539.00 | 1 443.00 | 4 615.00 | 10 686.00 |
| Imperial Oil Ltd | 97.87 | 155.05 | 154.01 | 149.39 | 1 503.23 |
| Marathon Oil Corp | 4 876.00 | 215.00 | 81.00 | 69.00 | 25.00 |
| OMV AG | 142.65 | 644.15 | 190.26 | 581.98 | 4 660.16 |
| Shell PLC | 9 682.00 | 9 557.00 | 8 321.00 | 26 997.00 | 4 707.00 |
| China Petroleum & Chemical Corp | 3 939.83 | 184.20 | 874.80 | 498.74 | 81.99 |
| Total | 48 106.34 | 24 922.40 | 16 348.07 | 43 032.11 | 28 273.39 |
| Dynamics | x | 51.81 | 65.60 | 263.22 | 65.70 |

The total value of divestments during the analyzed period amounted to USD 160.682 billion. The period was characterized by varying levels of divestment activity among the companies. The highest value of sold assets was recorded by China Petroleum & Chemical Corp (USD 55.264 billion), Chevron Corp (USD 41.382 billion), and Exxon Mobil Corp (USD 31.384 billion). In contrast, the lowest value was reported by Imperial Oil Ltd (USD 2.060 billion).

The dynamics of divestment activities also varied throughout the analyzed period. The highest rate was recorded in 2021, primarily due to significant divestments made by Shell PLC. In contrast, the lowest level of divestment activity was observed in 2019.

In the next stage of the research, divestment indicators were analyzed. The numerical data are presented in Table 3.

Table 3. Divestment ratios in the period 2018-2022 (%)

| Ratios | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | |
|--------------------------|------|------|------|------|------|-----|-----|------|------|-----|------|------|------|-----|-----|-----|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| BP | | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.0 | 0.1 | 0.1 | 0.4 | 0.1 | 0.1 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.6 | 0.3 | 0.4 | 0.4 | 0.4 |
| D/CA | 0.1 | 0.2 | 0.3 | 1.3 | 0.3 | 0.4 | 0.6 | 0.6 | 0.0 | 0.0 | 0.1 | 0.7 | 0.7 | 0.7 | 0.7 | 1.2 | 0.4 | 0.5 | 0.6 | 0.7 |
| D/CFO | 4.6 | 2.3 | 2.1 | 4.9 | 12.6 | 5.3 | 5.8 | 4.7 | 0.5 | 0.3 | 0.4 | 2.6 | 15.1 | 6.5 | 3.9 | 5.0 | 8.8 | 5.5 | 3.8 | 2.8 |
| D/CL | 0.1 | 0.3 | 0.4 | 1.4 | 0.3 | 0.5 | 0.7 | 0.7 | 0.0 | 0.0 | 0.1 | 0.8 | 0.9 | 0.9 | 0.8 | 1.4 | 0.5 | 0.6 | 0.7 | 0.7 |
| Chevron Corp | | | | | | | | | | | | | | | | | | | | |
| D/FA | 1.1 | 2.2 | 2.2 | 2.4 | 2.3 | 0.0 | 0.4 | 1.0 | 1.1 | 0.1 | 0.5 | 0.5 | 1.4 | 0.2 | 0.9 | 1.0 | 1.5 | 0.1 | 0.2 | 0.3 |
| D/CA | 7.7 | 14.2 | 13.4 | 15.4 | 15.1 | 0.3 | 2.3 | 7.5 | 8.4 | 1.2 | 3.8 | 4.2 | 9.7 | 1.1 | 5.8 | 5.9 | 6.6 | 0.3 | 0.7 | 1.2 |
| D/CFO | 48.7 | 40.8 | 22.2 | 17.1 | 100 | 0.8 | 3.6 | 7.7 | 50.7 | 6.1 | 11.2 | 10.3 | 70.3 | 3.4 | 9.4 | 6.8 | 36.8 | 0.7 | 1.0 | 1.2 |
| D/CL | 8.0 | 15.2 | 16.3 | 19.3 | 17.0 | 0.4 | 2.6 | 8.0 | 8.5 | 1.4 | 4.8 | 4.9 | 10.7 | 1.3 | 7.4 | 7.4 | 9.5 | 0.4 | 1.0 | 1.7 |
| Exxon Mobil Corp | | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.5 | 0.6 | 1.1 | 1.4 | 0.0 | 0.0 | 0.2 | 1.2 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 | 0.2 | 0.2 | 1.1 | 0.1 | 0.4 | 1.4 | 1.9 |
| D/CA | 3.0 | 3.5 | 6.0 | 8.6 | 0.2 | 0.3 | 1.2 | 7.4 | 0.2 | 0.2 | 0.5 | 2.2 | 0.6 | 1.1 | 1.0 | 5.4 | 0.4 | 1.3 | 3.9 | 5.4 |
| D/CFO | 16.9 | 10.7 | 11.8 | 11.4 | 1.3 | 1.0 | 2.6 | 12.4 | 1.4 | 2.1 | 2.1 | 6.8 | 3.3 | 2.9 | 1.9 | 6.6 | 2.0 | 3.5 | 6.6 | 6.8 |
| D/CL | 2.4 | 2.8 | 5.0 | 7.2 | 0.2 | 0.2 | 0.9 | 5.8 | 0.1 | 0.2 | 0.4 | 1.8 | 0.5 | 0.9 | 0.9 | 5.6 | 0.4 | 1.5 | 5.3 | 7.6 |
| Imperial Oil Ltd | | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.0 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.0 | 0.1 | 0.2 | 0.2 | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.4 | 3.0 | 2.9 |
| D/CA | 0.2 | 0.4 | 0.6 | 1.2 | 0.4 | 0.6 | 1.1 | 1.3 | 0.2 | 1.2 | 1.5 | 1.7 | 0.1 | 0.7 | 0.7 | 1.0 | 0.2 | 1.1 | 8.7 | 8.8 |
| D/CFO | 1.2 | 1.1 | 1.1 | 1.5 | 2.2 | 1.8 | 1.9 | 1.9 | 2.1 | -13 | 14.1 | 10.3 | 0.7 | 2.2 | 1.5 | 1.5 | 1.3 | 2.7 | 11.5 | 8.6 |
| D/CL | 0.3 | 0.5 | 0.7 | 1.6 | 0.4 | 0.8 | 1.6 | 1.7 | 0.3 | 1.4 | 1.9 | 2.3 | 0.2 | 0.9 | 1.0 | 1.5 | 0.3 | 1.3 | 10.7 | 10.6 |
| Marathon Oil Corp | | | | | | | | | | | | | | | | | | | | |
| D/FA | 6.3 | 6.3 | 6.7 | 6.9 | 0.1 | 0.6 | 0.2 | 0.2 | 0.0 | 0.1 | 0.1 | 0.2 | 0.0 | 0.1 | 0.2 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| D/CA | 40.7 | 38.3 | 40.8 | 43.3 | 1.0 | 4.1 | 1.6 | 1.7 | 0.2 | 1.5 | 1.2 | 2.0 | 0.1 | 0.7 | 1.8 | 1.2 | 0.1 | 0.1 | 0.3 | 0.7 |
| D/CFO | 182 | 83.5 | 52.5 | 39.1 | 5.2 | 8.5 | 2.0 | 1.3 | 0.4 | 3.0 | 2.3 | 2.2 | 0.5 | 1.2 | 1.4 | 0.7 | 0.2 | 0.1 | 0.2 | 0.2 |
| D/CL | 61.8 | 57.9 | 58.3 | 69.0 | 1.5 | 4.5 | 1.7 | 2.1 | 0.2 | 2.0 | 1.5 | 2.7 | 0.2 | 1.0 | 1.7 | 1.3 | 0.1 | 0.2 | 0.3 | 0.5 |
| OMV AG | | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 | 0.5 | 0.6 | 0.7 | 0.0 | 0.1 | 0.2 | 0.2 | 0.0 | 0.1 | 0.2 | 1.2 | 0.1 | 4.1 | 4.3 | 4.3 |
| D/CA | 0.0 | 0.1 | 0.4 | 0.5 | 0.4 | 1.1 | 1.8 | 1.9 | 0.1 | 0.2 | 0.4 | 0.6 | 0.1 | 0.1 | 0.4 | 2.2 | 0.2 | 5.7 | 5.8 | 6.5 |
| D/CFO | 0.3 | 0.5 | 1.4 | 1.4 | 5.5 | 6.5 | 6.0 | 5.2 | 1.2 | 1.3 | 2.5 | 2.3 | 0.7 | 0.8 | 1.6 | 5.7 | 1.3 | 44.1 | 23.0 | 19.2 |

| | | | | | | | | | | | | | | | | | | | | |
|-------|--|------|-----|-----|------|-----|------|------|------|------|-----|-----|------|------|------|------|-----|-----|-----|------|
| D/CL | 0.0 | 0.1 | 0.5 | 0.6 | 0.5 | 1.3 | 2.0 | 2.2 | 0.1 | 0.2 | 0.7 | 0.6 | 0.1 | 0.1 | 0.5 | 3.0 | 0.2 | 8.3 | 8.8 | 10.8 |
| | Shell PLC | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.2 | 0.7 | 0.8 | 1.4 | 0.1 | 0.3 | 1.2 | 1.5 | 0.5 | 0.6 | 0.8 | 0.9 | 1.1 | 1.5 | 1.9 | 5.2 | 0.2 | 0.5 | 0.5 | 0.5 |
| D/CA | 0.8 | 2.1 | 2.2 | 4.5 | 0.2 | 0.9 | 4.4 | 5.2 | 1.9 | 2.1 | 2.6 | 2.7 | 3.1 | 3.8 | 4.1 | 11.1 | 0.4 | 0.8 | 0.8 | 0.9 |
| D/CFO | 7.9 | 11.5 | 7.7 | 8.2 | 2.1 | 4.2 | 11.8 | 11.4 | 10.9 | 10.5 | 8.6 | 7.3 | 37.4 | 20.4 | 14.6 | 31.6 | 3.8 | 4.0 | 3.0 | 2.1 |
| D/CL | 0.9 | 2.7 | 2.7 | 5.6 | 0.2 | 1.0 | 5.0 | 6.0 | 2.1 | 2.6 | 3.4 | 3.4 | 4.1 | 5.1 | 5.2 | 14.9 | 0.5 | 1.1 | 1.2 | 1.2 |
| | China Petroleum & Chemical Corp | | | | | | | | | | | | | | | | | | | |
| D/FA | 0.0 | 0.7 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| D/CA | 0.0 | 1.4 | 1.5 | 2.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.0 | 0.3 | 0.3 | 0.6 | 0.1 | 0.1 | 0.2 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| D/CFO | 0.0 | 10.4 | 6.2 | 5.5 | -0.2 | 0.3 | 0.5 | 0.5 | 0.0 | 3.8 | 2.3 | 1.6 | -2.1 | 1.0 | 0.8 | 0.7 | 0.0 | 2.2 | 0.4 | 0.2 |
| D/CL | 0.0 | 1.3 | 1.4 | 1.8 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.2 | 0.3 | 0.5 | 0.1 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |

The results of the analysis confirm the diverse levels of divestment activity among the companies. The highest average D/FA ratio was recorded by Marathon Oil Corp (1.42%). For most of the remaining companies, the value did not exceed 1%, indicating that only a relatively small portion of their fixed assets was subject to divestment. In contrast, the D/CA ratio, which reflects the share of cash inflows from asset sales in total cash holdings, was higher. The highest D/CA value was also observed for Marathon Oil Corp (9.07%).

Subsequently, the D/CFO ratio was examined. This indicator reflects the importance of cash generated from divestments in financing a company's operating activities. The ratio values varied significantly across the analyzed companies. The highest levels were observed for Chevron Corp (22.48%) and Marathon Oil Corp (19.32%), whereas the lowest was reported for China Petroleum & Chemical Corp (1.70%). These findings suggest that divestments may potentially serve as an additional, complementary source of funding for a company's operational activities.

A similar pattern emerges from the analysis of the D/CL ratio, which assesses divestments as a potential means of covering current liabilities. Here too, the average ratio values varied considerably, ranging from 0.32% for China Petroleum & Chemical Corp to 7.29% for Chevron Corp.

The analysis of the trends in the indicators also provides interesting insights (Fig. 3).

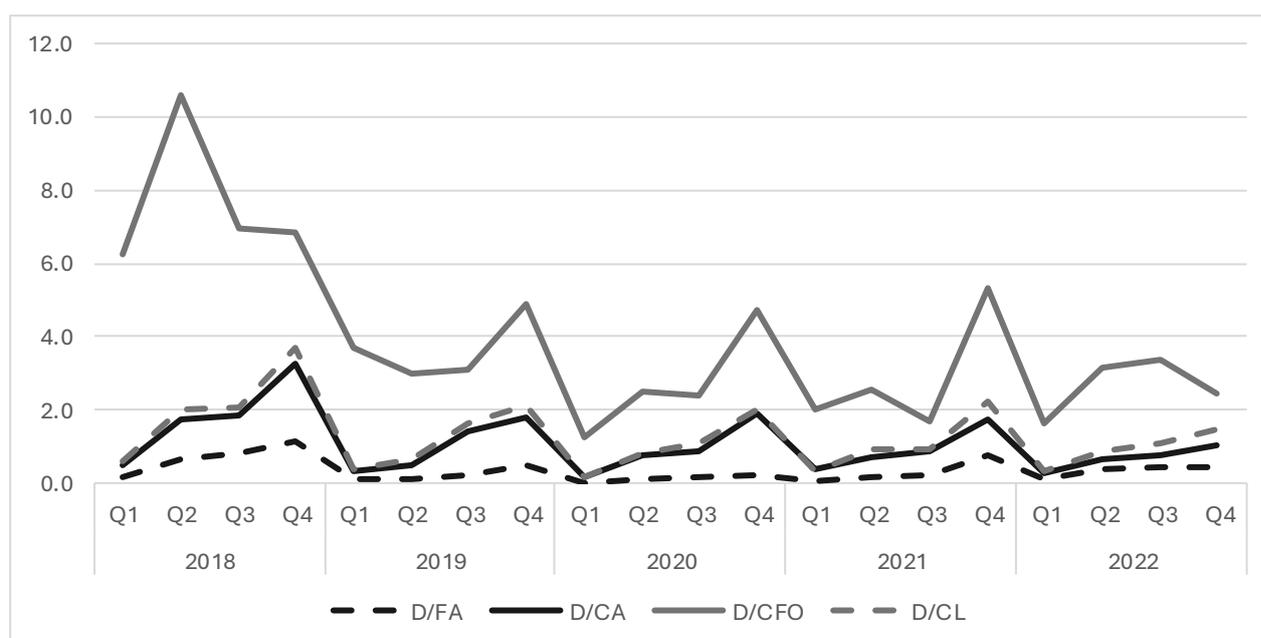


Fig. 3. Median of divestment ratios in the period 2018-2022 (%)

The highest median of the indicators were recorded in 2018. In contrast, the years 2019–2022 exhibited significantly lower, yet stable, levels. On a quarterly basis, the indicator showed considerable variation. A notable pattern is the pronounced increase in the indicators during the fourth quarter of each year, reflecting heightened divestment activity by companies at the end of the year.

It is also significant that the substantial deterioration of economic conditions caused by the COVID-19 pandemic and the armed conflict in Ukraine did not stimulate companies' divestment activity. This is particularly noteworthy given the observed decline in companies' financial condition in 2020. Conversely, divestments were undertaken much more readily during periods of favorable economic conditions, as exemplified by the year 2018.

The observed situation can be viewed from several perspectives. Firstly, the aforementioned deterioration in the financial condition of companies was not severe enough to necessitate the sale of assets. It should be noted that the study group consists of large, internationally operating oil companies. These are capital-strong enterprises, making them considerably more resilient to economic crises than smaller firms. Secondly, adverse economic conditions and the resulting business uncertainty may discourage companies from undertaking developmental investments. This, in turn, limits the sale of redundant (worn-out or excessive) assets.

Conclusions

Divestment activity is a key aspect of corporate management. This concept is widely examined in the literature on corporate finance and strategic decisions. Among the many motives prompting management to undertake divestments are low company competitiveness, the need to streamline the current business model, the requirement to secure funds for investments in new technologies, geopolitical uncertainty, as well as macroeconomic volatility.

This article examines the issue of divestments through the lens of companies operating in the oil industry. The analysis covers the period from 2018 to 2022, which includes both a phase of favorable economic conditions and a period marked by crises stemming from the COVID-19 pandemic and the armed conflict in Ukraine.

The findings suggest that adverse economic conditions did not serve as a significant driver of divestment activity. This was particularly evident in 2020, when the COVID-19 pandemic led to a deterioration in companies' financial condition. During this period, divestment activity was lower compared to years characterized by more favorable economic conditions.

The analysis also indicated that divestments can serve as an important source of financing for companies' operations and help stimulate financial liquidity. Nevertheless, the significant irregularity of proceeds from asset sales means that divestments may only function as an additional, supplementary means of raising capital.

The conducted study should serve as an impetus for more in-depth analyses. The issue of divestments merits examination across other industries and economic sectors. It is also worthwhile to gain a deeper understanding of the causes and economic consequences of divestments undertaken by companies under varying geopolitical and macroeconomic conditions.

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