

Home country institutional context and firms' international performance: a study of SMES in Malaysia

ABSTRACT

Previous research has mainly focused on the impact of host country institutional context on foreign entrants and yet with the rise of outward internationalization of firms from emerging and developing economies, the empirical findings are relatively scant. Drawing from the institutional perspective, this study intends to examine the home country's institutional context for encouraging international business activities and performance. Specifically, the study proposes that a supportive home country institutional context will lead to greater outward internationalization and performance of local firms. These predictions are tested on a sample of 203 international SMEs located in Malaysia. The analysis shows that a supportive home country institutional context in terms of regulatory, normative and cognitive dimensional affects significantly on SMEs' international performance. Significant practical implications are derived accordingly for business practitioners and policymakers to promote SMEs' international business development and growth.