The impact of competitive market embeddedness and diversity of institutional environment on MNE performance

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Résumé

We examine the impact of competitive market embeddedness on MNE performance. Using a sample of 53 grocery MNEs from 28 countries covering the period from 2007 to 2014, we find that competitive market embeddedness has a U-shaped relation with firm performance, and the positive effect is stronger when the formal institutional environment of the foreign markets in which MNEs operate is more diverse. Our empirical findings suggest that understanding the competitive market structure among multiple rivals is important for explaining the consequences of multimarket contact. We discuss the implications of the findings for extant literature on multimarket competition.

Mots-clés : Multimarket contact; MNE performance; institutional environment