

**The Effect of Weak Institutions and Failed Public Policies in the Process of Firms'
Internationalization in Argentina**

Diego Finchelstein (dfinchelstein@udesa.edu.ar)

Assistant Professor-Universidad de San Andrés Researcher-CONICET

Abstract: This research examines the poor performance of Argentina in terms of firms' internationalization. The research question is how have the institutional factors influenced the low internationalization levels of Argentine firms? I argue that the weak institutional environment characterized by poorly conceived public policies is a very important reason to understand this bad performance. Particular attention is paid to the design and execution of privatizations, the absence of an autonomous bureaucratic body as well as a weak and inter-temporally inconsistent set of public policies. Most studies focus in successful cases to illustrate the importance of institutional factors in internationalization processes. Thus, one of the main contributions of this research is to show how negative cases can also enlighten institutional effects on this phenomenon. The study of Argentina shows how weak institutions and failed public policies distort firms' incentives to expand abroad. Additionally, I offer a detailed analysis of one of the largest Latin American countries and its relation to internationalization –a topic that is surprisingly understudied in the case of Argentina-

Keywords: Internationalization, State, Institutions, Public Policies, Argentina