Comments on “The direction of causality between exports and firm performance”

Evan Kraft

American University

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Questions from the literature

- Export premium exists—exporters show superior productivity, sales growth, pay higher wages
- Why? Were exporters always "good" or do they "learn-by-exporting"?
- Do exporters' self-select?
  - Answer: yes, exporters are stronger across several characteristics ("export premium")
- Do exporters "learn-by-exporting"?
  - Answer: maybe, sometimes.
- Are there agglomeration effects by industry or region?
  - Answer (less frequently studied, but…): probably, often, sometimes…

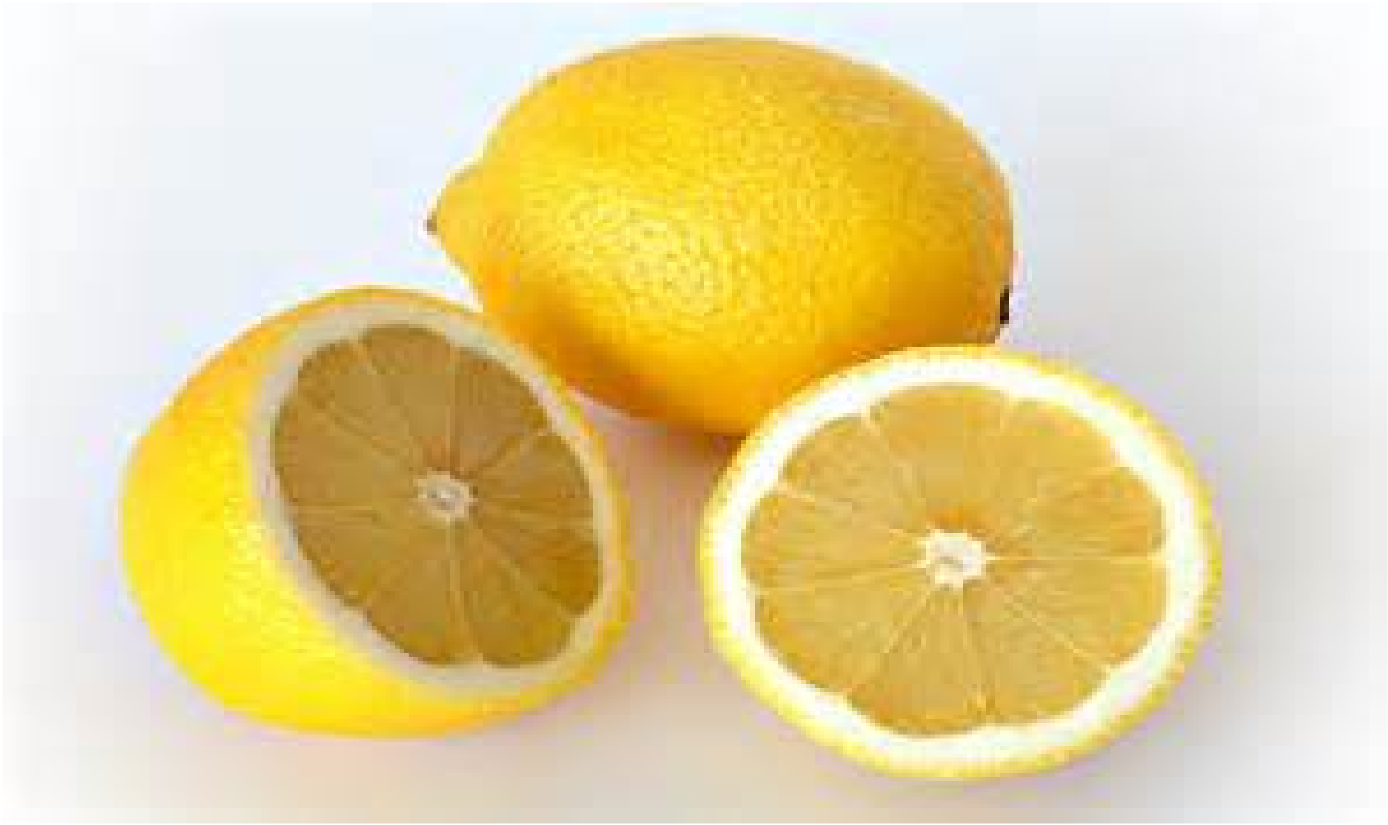
Why “learning-by-exporting” seems plausible

- Firms might be able to realize economies of scale through exporting
- Firms might learn more about customers’ needs through exporting, with customer feedback leading to product improvement
- Firms might be exposed to tougher competition when exporting (“joining the big leagues”)
- Firms might learn about state of the art technologies
- BUT…evidence is not strong

What this paper does

- Uses detailed firm-level data for Croatia 2002-13
- Coverage: over 80% of exports
- Analyze
  - Export premium for TFP, capital, sales, ULC, labor productivity and wages (unconditional—no accounting for self-selection). Find substantially lower coefficients in fixed effects regression.
  - Export premium for future exporters (self-selection hypothesis). Find evidence for self-selection, contradicing Lukinic-Cardic
  - Post-entry to exporting behavior through matching. Find weak evidence of "learning-by-exporting"

How can they get more juice from this nice lemon?



Role of small firms and start-ups

- Delgado et al 2002 find that small firms and start-ups drive “learning-by-exporting” in Spain (just one example from the literature)
- Both by comparing their work with Lukinic-Cardic and by regressions in the appendix, the authors find some evidence that the results from Croatia are different for all firms and firms with more than 10 employees
- Do more with this: use treatment effect in matching regression to differentiate effects by firm size and age
- Bring to bear qualitative information and descriptive statistics to give context

Look at industry effects

- Papers such as Clerides et al (1998) report different results by industry
- Have a look at this to see if there are any good stories to be told
- Also look at Greenaway and Kneller (2008) for ideas on
  - Industry effects
  - Structure of trade (interindustry vs intraindustry)—they find that intraindustry trade is more persistent and more subject to learning

Look at agglomeration effects

- Reason to think that a firm's probability of exporting is affected by whether other firms in the same industry export
  - Could be negative due to increased competition (Bernard and Jensen 2004)
  - Could be positive because infrastructure is created or knowledge spills over
- Reason to think that a firm's probability of exporting is affected by whether other firms in the same region export (Greenaway and Kneller 2007)
- This would affect the propensity scores regression, but also possibly the export premia based on matching

Give descriptive statistics and tell some stories

- Us old guys like stories ☺

And furthermore…

- There is some reason to think that foreign firms may have different export propensities than otherwise similar domestic firms—is this controlled for?
- Why is capital defined as total assets?
- Did you test whether the matching satisfied the Becker-Ichino balancing test or Sianese test? Report this somewhere.

The reward