

FIRM HETEROGENEITY AND EXPORT MARGINS – EVIDENCE FROM FIRM-TRANSACTION MATCHED DATA

Chih-Hai Yang*

National Central University

Meng-Wen Tsou

National Central University

Ming-Huan Liou

National Central University

Shi-Shu Peng

Academia Sinica

Abstract

This paper investigates what kinds of exporters perform better under two aspects of export margins: extensive (more varieties of products) and intensive (more exports per product) margins. Using comprehensive firm-level panel data of China's electronics industry during 2003-2006, compiled from medium and large-scale enterprise surveys and a China Customs dataset, this study is one of the first systematic studies using firm-level panel evidence to deal with this issue. We find that firm productivity matters in both extensive and intensive margins of exports as expected, which is thus far novel in the existing heterogeneous-firm trade literature. Moreover, we note that exporters' financing ability is influential in the two aspects of performance. To deal with the problems of sample selection, the measures of products, as well as endogenous causality, we adopt various datasets and variable measurements to implement a robustness check. Various checks support the importance of productivity on export margins.

JEL Classification: F1, F14

Key words: Firm heterogeneity, Export margin, Productivity

* Corresponding author: Department of Economics, National Central University, Jhongli City, Taiwan.