

Productivity of firms and exports

In 2003 a new era of trade analysis began with the publication of the Melitz (2003) model. The assumption of symmetry between firms, unrealistic and often criticized, has been relaxed. It resulted in a number of interesting papers studying particularly the relation between firms' productivity and trade exposure.

Your task is to investigate the relationship between the labour productivity and the export status at the firm level.

1. Introduction – Begin your analysis by presenting basic assumptions of this ‘new new trade theory’ approach.
2. Short literature review – describe the findings of some studies published in this field (use Google Scholar to search for relevant papers).
3. Research objectives and hypothesis – state clearly what are you trying to investigate and what you expect in the light of the theory.
4. Empirical investigation – What are the main characteristics of firms which engage in international trade? Are there any differences by industry? What is the average number of destinations and products that firms sell internationally? Calculate labour productivity from the data and generate the export status of a firm. Can you find any statistical relationship between the export intensity of firms and the labour productivity? Is export orientation of firms related to using foreign technology? Size of firms? Using foreign capital? Foreign ownership? R&D spending (relative to firm sales)? Percentage of employees with a university degree?
5. Discussion of results and conclusion

Sources and links:

Papers:

<http://www.etsg.org/ETSG2014/Papers/259.pdf>

Data:

<https://www.beeps-ebrd.com/data/2018-2020/> (you need to register first)