Internationalization strategy and performance of small and medium size enterprises

NBB Conference: "International trade: threats and opportunities in a globalised world"

Discussion by Vincent Rebeyrol (TSE)
What are the different strategies for SMEs when entering the export market? For which performance?
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Importance of studying SMEs when they start to export

⇒ Which firms will eventually become superstars?
Identification of 35,240 SMEs and 1,009 large firms over 1998-2005 in Belgium

Trade data available by firm, year and destination
The paper

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  ⇒ introduce a typology based on 2 dimensions:
    - timing (start to export before or after 5 years of activity)
    - scope (export to more or less than 5 destinations)

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⇒ introduce a typology based on 2 dimensions:
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⇒ 4 types of exporting SMEs: BG, BI, TI, BAG
Main findings

Among the different types of traders, Born Global:

- are more productive, do more RD, are more capital intensive
- grow faster, higher export intensity, more likely to continue to export
- have a higher failure rate
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⇒ characteristics of future "superstars"
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⇒ characteristics of future "superstars"

- firms that engage in two way trade perform better than the one way traders
  ⇒ two way traders are different
Sprinkler versus waterfall strategy:
⇒ simultaneous versus sequential entry

- But export scope does not capture the dynamics of entry into export markets.
- Many firms export only to one single market.

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Comments (firm dynamics)

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  ⇒ Does the probability of exiting a specific market vary across different firm types?

- H4 (failure rate): only related to age, not to scope
  ⇒ size on the domestic market should matter
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Why don’t you use your typology in this section?