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Dissertations

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Branislav Saxa: “Essays on Exporting Behavior of Firms and on Inflation Persistence”

Dissertation Committee:

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Abstract:

In the first two essays, I examine the behavior of exporters and non-exporters using a rich firmlevel panel data source from the Czech Republic. The first essay reacts to recent literature on learning-by-exporting and explores whether exporting firms are more productive because initially more productive firms self-select themselves into exporting or because exporting firms are becoming more productive. To provide convincing estimates, one must be able to disentangle learning-by-exporting from changes in company management that induce the company to both start exporting and introduce productivity increasing measures. Therefore, I compare estimates based on matching on propensity score, which do not control for potential management changes, to estimates based on an instrumental variables strategy. Specifically, I focus on firms that start exporting due to changes in the industry-specific ratio of producer prices on domestic and foreign markets. The results suggest that learning-by-exporting in the Czech Republic is not significant, either statistically or economically, irrespective of the method used.

In the second essay, I estimate the role of sunk costs connected with entry into foreign markets. Results suggest that costs are significant but not different for firms with domestic and foreign owners. In addition, I find that exporters with foreign owners are twice less responsive to exchange rate changes than exporters with domestic owners, but more responsive to changes in the volatility of exchange rates.