Firm Size and the Impact of Export Promotion Programs

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Abstract

Many countries have implemented programs to support their firms' internationalization efforts. The impacts are likely to be heterogeneous over firm size categories because these programs are primarily intended and expected to benefit smaller companies. Whether or not this is the case is still an open question. In this paper, we aim at filling this gap in the literature by providing evidence on the effects of trade promotion programs on the export performance of firms within different size segments, using a rich firm-level dataset for Argentina over the period 2002-2006. We find that these effects are indeed larger for smaller firms.

Key words: Public Programs, Export Promotion, Heterogeneous Effects, Argentina

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1. Introduction

Many countries around the world have established public agencies to promote their firms' exports. These agencies are endowed with annual budgets ranging from a few hundred thousand dollars to as much as USD 1.3 billion spread over nine agencies in the United States (see Jordana et al., 2009; GAO, 2009). The economic rationale usually advanced for their activities is that there are significant costs associated with the acquisition of information on foreign markets, which private firms will be reluctant to incur to the extent that competitors can benefit from their experience through information spillovers. Such externalities result in market failures, which in turn establish the basis for public sector involvement (see, e.g., Rauch, 1996)[1]. In particular, supporting participation of small and medium-sized companies (SMEs) in international markets is a common goal of export promotion agencies as declared by their lead officials and even in their legal statements of purposes. Indeed, these companies are more likely to be affected by barriers to exporting in general, and those related to imperfect information in particular; accordingly they would appear to be the primary beneficiaries of public trade promotion programs. Hence, the valued added by such programs to firms' own internationalization efforts can be expected to differ depending on firm size. In other words, heterogeneous effects of export assistance actions over firm size categories can be anticipated.

Is this really the case? Although there are some previous attempts to uncover the distributional impacts of export promotion programs (see, e.g., Volpe Martincus and Carballo, 2009), no study to our knowledge systematically examines whether there is a relationship between the size of the firms as conventionally measured in public policy (i.e., number of employees) and the size of these impacts. This paper aims at

[1] Some authors argue, in addition, that informational asymmetries provide a rationale for trade policy (see, e.g., Mayer, 1984; Grossman and Horn, 1988; Bagwell and Staiger, 1989). See Copeland (2008) for a recent survey of the literature.

filling this gap in the literature. We assess whether the effects of trade supporting activities by Argentina's national agency Fundación ExportAR on firms' export performance varies with their size and, specifically, whether these effects are larger for smaller companies, in accordance to both what could be expected *a priori* given the differential deterring impacts of export obstacles for firms featuring different scales of production and what policymakers usually declare regarding whom these activities are primarily intended to benefit.

Relevant, accurate, and timely information is a key input to effective marketing decisions. Given the diversity of business environments, the multiplicity of factors to be considered when selling abroad, and, in particular, the need to deal with elements not involved in domestic operations, this is especially true for firms transcending national boundaries (see Czinkota and Ronkainen, 2001; and Leonidou and Theodosiou, 2004). A shortfall of information can accordingly cause major marketing difficulties and erect a barrier to increased international activities (see Suárez-Ortega, 2003). In fact, lack of information is one of the most significant export barriers both in terms of frequency of incidence and degree of severity (see, e.g., Leonidou, 1995). In order to successfully enter foreign markets, firms need to learn about foreign business practices and foreign consumer preferences; identify business opportunities abroad; contact and communicate with overseas customers; and access appropriate distribution and advertising channels (see, e.g., Rabino, 1980; Albaum, 1983; Czinkota and Ricks, 1983; Katiskeas and Morgan, 1994; and Leonidou, 2004). Associated information problems are perceived to have a high to very high impact on exporting (see, e.g., Keng and Jiuan, 1988; Katsikeas and Morgan, 1994; Suárez-Ortega, 2003; Leonidou, 2004).

Export promotion agencies run a variety of programs intending to help firms overcome these informational barriers. This is precisely the case of Fundación ExportAR[2]. This agency

[2] An appendix explaining the institutional organization of Fundación ExportAR and describing the export promotion programs that this agency runs is available from the authors upon request.

underneath the Ministry of Foreign Relations and International Trade has about 85 employees and an annual budget of approximately 4.5 million dollars (see Jordana et al., 2009). These resources are used to finance a series of activities aiming at supporting firms in selling their goods in foreign markets, including: providing training in the export process to firms that are new to the trade business; providing market intelligence, including relevant background information and information on specific commercial opportunities abroad; organizing and co-financing the participation of Argentinean firms in international marketing events such as trade fairs, exhibitions, and missions; arranging meetings with potential foreign buyers; and supporting the association of small companies to operate more effectively in external markets.

Smaller firms face greater limitations than larger firms in trading across borders (see, e.g., Roberts and Tybout, 1997; Bernard and Jensen, 1999, 2004; and Wagner, 2001, 2007). These differences across firm sizes are likely to be at least partially related to heterogeneity in access to and ability to use information[3]. More concretely, gathering information about and communicating with foreign markets seem to be greater obstacles for smaller than for larger firms (see, e.g., Katsikeas and Morgan, 1994). Thus, for instance, collecting information requires performing market studies which entail fixed costs. Larger firms are in a better position to absorb these costs because they can distribute them over a greater number of units sold; as well, they are better able to absorb the information from such studies and to use it to formulate an effective export market strategy (see Wagner 1995, 2001)[4]. Furthermore,

[3] Other factors that may also play a role are, e.g., the ability to cope with other sunk costs of entry such as those involved in setting up an export department or redesigning products for foreign customers and differences in terms of access to management capability and to financial resources in capital markets.

[4] Hirsch and Adar (1974) show that large firms can afford to assume more risks than small ones. Further, their risks from foreign operations are smaller than those of small firms because the large firms benefit from

information about a company such as its reliability as a provider and the quality of its products, which is a critical input for business decisions by potential clients, is likely to be poorer in respect of smaller firms.

As noted, given that information-related impediments are likely to have differential deterring effects for firms of different sizes, trade-supporting actions geared to overcoming informational problems may potentially have heterogeneous impacts on firms' export performance over firm size categories. The existing empirical literature bearing on this issue is, however, thin and inconclusive.

Some studies have examined the effects of public policies on firm export performance without distinguishing the effects across firms of different sizes; the conclusions reached have been contradictory. Volpe Martincus and Carballo (2008a) find that export promotion actions are associated with increased exports, primarily along the extensive margin, both in terms of markets and products. Conversely, Bernard and Jensen (2004) find that US state export promotion expenditures have no significant effect on the probability of exporting. Several other studies have examined the impact of production subsidies on export performance (see, e.g., Girma et al., 2007; Görg et al., 2008; and Girma et al., 2009). They find that subsidies have little effect on the probability of a firm entering into export markets but do increase exports by those already active (i.e., they impact positively, but on the intensive margin). Helmers and Trofimenko (2009) also find some evidence of a positive impact of firm-specific subsidies, which they interpret as export subsidies, on export volumes based on Colombian data.

Another strand of the literature focused exclusively on small and medium-sized companies provides some evidence that trade promotion programs can improve export performance of small

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economies of scale in foreign marketing. Hence, the risk premium demanded by large firms when considering entering foreign markets is less than the premium insisted upon by small firms. As a result the former export a larger fraction of their output.

firms[5]. Moreover, Volpe Martincus and Carballo (2009), who examine the distributional impacts of trade promotion activities using highly disaggregated export data for Chilean exporters over the 2002–2006 period, find that smaller firms as measured by their total exports seem to benefit more from export promotion than do larger firms.

However, there is as yet no systematic examination of the potential existence of different effects for firms in different size segments as conventionally defined in public policy, i.e., in terms of employment levels. In this paper we precisely aim at providing insights on these effects. Hence, we contribute to the existing literature primarily by assessing, for the first time to our knowledge, whether and how the effects of public export promotion programs on firms' export performance vary with firm size, either for a developed or a developing country. Our results are relevant to resource allocation and policy design in the area of export promotion since policymakers will tend to evaluate differently two programs with the same average positive effect but whose benefits mostly accrue to smaller firms in the first case and to larger firms in the second.

[5] For the most part, these studies are based on small samples and the results vary across different types of export promotion programs. For example, Gençtürk and Kotabe (2001) find that firms' usage of government export assistance programs are important export success factors but the relevance of export assistance programs and the role they play vary depending on the dimension of export performance being considered. Álvarez (2004) finds that the utilization of export promotion programs contributes positively to export performance in SMEs but also concludes that some forms of intervention are better than others: market studies and introductions to clients and authorities have a positive and significant impact but trade shows and trade missions do not affect the probability of exporting permanently. By contrast, Wilkinson and Brouthers (2006) find that the use of trade shows as well as programs identifying agents and distributors contribute positively to SME satisfaction with export performance. Meanwhile, Francis and Collins-Dodd (2004) find that using a greater number of government programs enhances export marketing competencies and that sporadic and active exporters gain the most from export promotion programs, while more experienced firms that derive most of their incomes from exporting derive little in the way of benefits.

We specifically address three main questions: Are trade promotion programs effective in improving firms' export performance? Are impacts of these programs heterogeneous across firm size categories? Are these impacts larger for smaller firms? In answering these questions, we apply variants of the difference-in-differences approach on a rich firm-level dataset containing data on exports by product and destination countries and employment over the period 2002-2006 for virtually the whole population of Argentinean exporters.

We find that export promotion programs administered by Fundación ExportAR have been effective in supporting the growth of Argentinean firms' exports, primarily along the country-extensive margin, i.e., the number of destination markets. Importantly, these programs do not seem to have affected all firms to the same extent. More specifically, as expected, smaller companies derive larger benefits from these public initiatives than larger firms in terms of improved export performance. Thus, trade-supporting actions are associated with an increased rate of growth of total exports and an increased number of export destination countries in the case of small and medium-sized companies, but they do not seem to have any distinguishable impact on the export outcomes of large firms. These results are robust across alternative specifications of the estimating equations and different econometric methods.

The remainder of the paper is organized as follows: Section 2 explains the empirical methodology. Section 3 presents the dataset and descriptive evidence. Section 4 reports and discusses the econometric results, and Section 5 concludes.

2. Empirical Methodology

We aim at estimating the effects of trade promotion assistance provided by Fundación ExportAR on Argentinean firms' export performance and assessing whether these effects are heterogeneous across firms within different size categories. In order to identify such effects, one would need to compare a firm's export outcomes when receiving export support with those when not receiving such support. Since export outcomes

under both states cannot be simultaneously observed for the same firm, the individual treatment effect can never be observed. This is the so-called fundamental problem of causal inference (see Holland, 1986). However, given information on a population of firms, some of which receive assistance and some of which do not, the average effect of assistance, or "treatment effect"[6] can be identified.

Formally, let Y_{it} be (the natural logarithm of) firm *i*'s total exports in year *t*.[7] Each year, firm *i* may either participate in export promotion programs ("1") or not participate in these programs ("0"), but not both. Hence, firm *i* has two potential export outcomes: Y_{it}^1 and Y_{it}^0, which correspond to the participation and non-participation states, respectively. Further, let D_{it} be an indicator codifying information on assistance by Fundación ExportAR. Specifically, D_{it} takes the value 1 if firm *i*

[6] The term "treatment effect" originated in the medical literature concerned with assessing the effects of new drugs or medical procedures. Typically, these studies involved controlled experiments with randomly assigned treated and control groups to allow accurate identification of the effect of the drug or procedure being tested. The term has come into general usage in analyses of public policy instruments in non-experimental contexts on the basis of observational data, such as in the present case. In such applications, given the absence of a randomly assigned control group and experimentally controlled conditions, statistical methods are used to isolate the effect of the policy measure in question by controlling for factors that might cause firms to seek assistance and that also influence trade outcomes (i.e., firms that seek assistance may have different characteristics than the population in general, which results in selection bias in the estimate of the effect of the program in question).

[7] The use of (natural) logarithm is partially motivated by the scale problem originated in the fact that our binary variable D does not capture the size of the assistance (see Lach, 2002). The presentation hereafter focuses on firms' total exports, but *mutatis mutandis* also applies to measures of export performance along the extensive margin (number of destination countries and the number of products exported) and the intensive margin (average exports per country, average exports per product, and average exports per country and product).

has been assisted by the agency in year *t* and 0 otherwise[8]. In this case, firm *i*'s observed export outcome can be expressed as follows:[9]

$$Y_{it} = D_{it}Y_{it}^{1} + (1 - D_{it})Y_{it}^{0} \quad (1)$$

The impact of trade support is therefore given by:

$$\Delta Y_{it} = Y_{it}^{1} - Y_{it}^{0}.$$

Since it is impossible to observe both Y_{it}^{1} and Y_{it}^{0} for the same firm, information on the population of firms, including those that did not receive assistance, is used to learn about the properties of the potential trade outcomes, on the basis of which an average treatment effect (ATE) is computed. In particular, given that participation in the programs under consideration is voluntary and that the number of firms receiving assistance is small relative to the overall population of exporting firms, it seems more relevant to determine the effects of the program on firms that participated. Accordingly, we estimate an average treatment effect on the treated firms (ATT):

$$\gamma = E\left(Y_{it}^{1} \mid D_{it} = 1\right) - E\left(Y_{it}^{0} \mid D_{it} = 1\right) = E\left(\Delta Y_{it} \mid D_{it} = 1\right), \quad (2)$$

where E(·) denotes the mathematical expectation operator, i.e., the average of a random variable, and the parameter γ measures the average percentage change between the actual exports of firms that were assisted by Fundación ExportAR and what the exports of these firms would have been had they not been assisted by Fundación ExportAR (see Lach, 2002). Clearly, when $\gamma \rangle 0\ (= 0)$, the export promotion service stimulates (does not have any impact on) firms' exports.

In the empirical exercise below we use the firms that do not receive a service from Fundación ExportAR as the control group to derive the counterfactual and accordingly estimate γ.

[8] We will use interchangeably the terms assistance, support, treatment, and participation throughout the paper.

[9] This is the potential outcomes framework due to, among others, Fisher (1935), Roy (1951), and Rubin (1974).

The main issue to deal with when proceeding so is that there may be non-random differences between supported and non-supported firms that are potentially correlated with export performance (see Galiani et al., 2008; and Volpe Martincus and Carballo, 2008a). Failure to account for these differences would clearly produce a selection bias in estimated impacts (see, e.g., Heckman et al., 1998; Klette et al., 2000). Thus, firm heterogeneous characteristics need to be controlled for to get comparable groups of firms and a consistent estimate of γ.[10] Notice that many of these characteristics (e.g., sector of activity, location of headquarters, etc.) are likely to be fixed over time, especially over relatively short horizons such as those considered here. When repeated observations on firms are available, this time-invariant heterogeneity can be properly accounted for using the *difference-in-differences* estimator. This estimator is a measure of the average difference between the before and after change in exports for assisted firms and the corresponding change for non-assisted firms (see Smith, 2000; Jaffe, 2002). The latter change serves here as an estimate of the true counterfactual, i.e., the export outcome that the firms in the treatment group would have realized if they had not received

[10] In this exercise, we ignore general equilibrium effects so that outcomes for each firm do not depend on the overall level of participation in the activities performed by the agency (see Heckman et al., 1998). Further, we also do not take into account possible effects of information spillovers. It is well known that firms may learn about export opportunities from other firms through employee circulation, customs documents, customer lists, and other referrals (see Rauch, 1996). Evidence on spillovers has been presented in several papers. Thus, Aitken et al. (1997) and Greenaway et al. (2004) report significant spillovers from multinational enterprises (MNEs) to domestic firms in Mexico and the United Kingdom, respectively. More precisely, MNE activity is positively related to export propensity of local firms. Álvarez et al. (2007) find that the probability that firms introduce given products to new countries or different products to the same countries increases with the number of firms exporting those products and to those destinations, respectively. If similar spillover effects were associated with participation in export promotion activities, i.e., if untreated firms obtain business information from treated firms, then the treatment effects, as estimated here, would be underestimated.

trade promotion support. This allows identifying temporal variations in outcomes that are not due to exposure to treatment (see Abadie, 2005). Hence, by comparing the aforementioned changes, the difference-in-differences estimator permits controlling for observed and unobserved time-invariant firm characteristics as well as time-varying factors common to both treated and control firms that might be correlated with participation in export promotion programs and export outcomes (see, e.g., Galiani et al., 2008).

In general, in order to calculate standard errors and to perform weighted estimations aiming at addressing potential biases of this estimator, we implement it through a regression approach (see Ravallion, 2008). Thus, allowing for covariates *X* and assuming that the conditional expectation function $E(Y|X,D)$ is linear and that unobserved characteristics, μ_{it}, can be decomposed into a firm-specific fixed-effect, λ_i; a year, common macroeconomic effect, ρ_t; and a temporary firm specific effect, ε_{it}, leads to the following error-components specification:

$$Y_{it} = X_{it}\theta + \gamma D_{it} + \lambda_i + \rho_t + \varepsilon_{it} \quad (3)$$

This specification allows selection into treatment on unobservable characteristics thus permitting for correlation between time-invariant firm-specific and time-specific effects and D_{it}, the binary variable indicating assistance by Fundación ExportAR. Identification of the effects is therefore based on the assumption that selection into the treatment is independent of the temporary firm-specific effect. We estimate this equation on the whole sample and, to create a common "baseline" before-treatment period, on two alternative sub-samples, namely, the sub-samples formed by those firms that were never treated before or those that were not treated in the previous period (see Lach, 2002).

Estimation of Equation (3) can be potentially affected by severe serial correlation problems (see Bertrand, et al., 2004). First, estimation of this kind of equation relies on non-trivial

time series. Second, exports (and number of countries and products as well) tend to be highly positively serially correlated (see, e.g., Roberts and Tybout, 1997; Bernard and Jensen, 2004). We therefore allow for an unrestricted covariance structure over time within firms, which may differ across them (see Bertrand et al., 2004).

Importantly, so far we have assumed a common treatment effect, i.e., $\gamma = \gamma_i \forall i$. However, as discussed in Section 1, effects can be anticipated to systematically vary with firm size. More formally, they are likely to be heterogeneous by observed covariates. We therefore test whether this is the case using the non-parametric test proposed by Crump et al. (2008). This test is based on a sieve approach to non-parametric estimation for average treatment effects (see, e.g., Hahn, 1998; Imbens et al., 2006; Chen et al., 2008). Given the particular choice of the sieve, the null hypothesis of interest can be formulated as equality restrictions on subsets of the parameters. Specifically, in our case, the null hypothesis is that the average treatment effect conditional on the covariates is identical for all subpopulations. If heterogeneity were to be detected, then the correct specification of the estimating equation would be (see Djebbari and Smith, 2008):

$$Y_{it} = X_{it}\theta + (\gamma + \gamma_X X_{it})D_{it} + \lambda_i + \rho_t + \varepsilon_{it} \quad (4)$$

In Section 4 we estimate Equation (3) and, since we do find evidence of impact heterogeneity, we also estimate Equation (4) for both the whole sample and the two sub-samples with common pre-intervention states.

3. Data and Descriptive Evidence

Our dataset combines three main databases. The first database has annual firm-level export data disaggregated by product (at the 10-digit HS level) and destination country over the period 2002-2006 from Argentinean customs. Second, Fundación ExportAR kindly provided us with a list of the firms assisted by the agency in each year of the period 2002-2006. It is worth

mentioning that this list primarily includes firms that have interacted closely with the agency[11]. Finally, we have data on employment and location from the National Administration of Public Revenues, AFIP[12]. These databases have been merged using the firms' tax ID. We have been granted access to the combined dataset after these IDs had been removed and replaced with generic firm identifiers. This dataset covers almost the whole population of Argentinean exporters. In particular, the sum of these firms' exports virtually adds up to the total merchandise exports as reported by the National Statistical Office, INDEC, with the annual difference being always less than 4.0 percent. Moreover, the total number of destination countries and products exported are virtually the same as the national totals.

Table 1 presents the evolution of aggregate export indicators from 2002 to 2006. Exports grew approximately 81.0 percent between 2002 and 2006. Even though there have been increases in the number of countries to which the firms export and in the number of products exported, most of this expansion is accounted for at the intensive margin, i.e., through larger average shipments by product and country.

The first panel of Table 2 characterizes the average Argentinean exporter over the sample period. The number of exporters rose 19.2 percent from 2002 to 2006. These firms had on average 92 employees. The average exporter sold abroad 9.2 products to 3.6 countries. These figures are similar to those of

[11] More concretely, these firms have had more than one direct contact with Fundación ExportAR within the year being considered. The typical cases are those that participated in international fairs and missions. Thus, for instance, firms just visiting the agency's website to access public reports on foreign trade or requesting specific information (e.g., tariff applied on a given good in a certain destination country) are not identified as assisted. Data on these cases of assistance are unfortunately not consistently available over the sample period.

[12] These data can then be seen as a census of formal Argentinean employment. There is of course some risk of misreporting, which would generate measurement errors. As long as these are systematic across firms, they will be eliminated by the time differentiation implemented in the estimation methods used in this paper.

the United States in 2000 – 8.9 and 3.5, respectively – but larger than those of Peru in 2005 – 7.5 and 2.6, respectively (see Bernard et al., 2005; and Volpe Martincus and Carballo, 2008a). The proportion of exporters assisted by Fundación ExportAR moved up from 1.5 percent to 4.2 percent over the period; given the larger presence of Argentinean firms in export markets, this implies a significant increase in the absolute number of firms being supported.

The second to fourth panels of Table 2 present basic statistics on the relationship between size and exports for Argentina. Specifically, this table breaks down the export and treatment indicators into three size categories defined in terms of employment: up to 50 employees (small), between 51 and 200 employees (medium), and more than 200 employees (large)[13]. We observe that, on average, larger firms export more; they export to more countries and more products[14]. These firms represent approximately 7 percent of the exporting population but explain together more than 75 percent of aggregate exports. Small firms meanwhile account for approximately 73 percent of the exporters but only for 7.8 percent of Argentinean total exports. In addition, these firms represent the largest category in the group of firms assisted by Fundación ExportAR, i.e., 56.1 percent in 2002 and 59.0 percent in 2006. Together, small and medium-sized firms, explain for more than 80 percent of the firms supported by this agency over the period.

Figures 1 and 2 provide a detailed visual representation of the distribution of firms' exports discriminating over size categories for the final sample year, 2006, thus going beyond the simple averages presented before. Figure 1 shows that most Argentinean exporters are small firms selling abroad a few goods to a few countries. In particular, approximately 60

[13] This is the standard classification used in the literature (see, e.g., Álvarez, 2004; Hollenstein, 2005; and Observatorio PyME, 2008).

[14] This adds to the evidence reported in the empirical international trade literature suggesting that larger firms are more likely to export (see, e.g., Roberts and Tybout, 1997; Bernard and Jensen, 2004), tend to export more (see, e.g., Görg et al., 2007), and have a higher export intensity (see, e.g., Barrios et al., 2003).

percent of the exporters are small companies trading fewer than 10 products to fewer than 10 countries. Remarkably, about 20 percent are small firms exporting just one good to one external market. Further, 37.6 percent of the exporting companies are small ones that only trade with one country and 23.0 percent are similar firms that only ship one product abroad. In contrast, the fewer large firms have more diversified export patterns along both the country and product dimensions. Thus, in 2006 these companies traded with up to 118 countries and dealt in up to 510 products. Figure 2 reveals that these firms account for the larger shares of Argentinean total exports. More specifically, in 2006, the 303 large companies that exported more than 10 products to more than 10 countries explained 64.7 percent of aggregate exports as reported in our dataset.

In this section, we have presented basic evidence of export outcomes for the companies engaged in international trade and on the number and profile of the firms assisted by Fundación ExportAR. Next, we will econometrically explore whether and how trade promotion programs run by this agency have affected these export outcomes both overall and across different firm size categories.

4. Econometric Results

In this section, we first present the estimation results when pooling over all firms. In particular, we report the average assistance effect of trade support programs on the assisted firms as obtained with the difference-in-differences estimator from both the whole sample and the two sub-samples with common pre-intervention states for the two groups of firms. Second, we assess whether there is impact heterogeneity and evaluate the effectiveness of these programs for the three firm size categories previously identified, small, medium, and large. Finally, we go through several robustness check exercises.

4.1 Average Assistance Effect

The top panel of Table 3 reports difference-in-difference estimates of the average treatment effects on the treated, i.e., the average effect of assistance by Fundación ExportAR on assisted firms for six firm-level export performance indicators, namely, total exports, the number of destination countries, the number of products exported, average exports per country and product, average exports per country, and average exports per product, for two alternative specifications, with and without time-varying (one year lagged) binary variables accounting for the firm's size category[15]. The adjusted R^2s of these regressions range between 0.825 and 0.894, with an average of 0.857.

The estimated treatment effects are similar in order of magnitude across specifications, but, as expected, they are smaller when these firm level time-varying covariates are included. Overall the estimates clearly suggest that participation in export promotion programs managed by Fundación ExportAR is associated with an increased rate of growth of firms' total exports, number of countries the firms export to, and number of products exported. In particular, according to the specification including the binary variables that control for the companies' size, the rate of growth of exports is 14.1 percent ($(e^{0.132}$-1)x100=14.1) higher for firms assisted by Fundación ExportAR, while those of the number of countries and the number of products are 10.4 percent ($(e^{0.099}$-1)x100=10.4) and 9.7 percent ($(e^{0.093}$-1)x100=9.7) higher, respectively. Given that the sample average (logarithm) annual growth rate of total exports is 11.9 percent, this implies that treated firms would

[15] There might be other attributes that are, unfortunately, not observable to us but are observable to both Fundación ExportAR officials and firms. Typical examples in this regard are the managerial attitudes, qualification profile of personnel, and innovation capabilities. Admittedly, these unobserved characteristics may play a role in determining both service usage and export performance. Notice, however, that these features only change slowly over time. Given the length of our sample period, they can be safely considered as mostly fixed and therefore controlled for by the firm fixed effects.

have a rate 1.7 percentage points higher than non-treated firms. In contrast, the impact on the remaining export outcomes is substantially weaker and evidently less robust. These results are consistent with our priors. Export promotion activities aiming at attenuating information problems are likely to have a stronger effect when these problems are more acute, namely, when entering new markets rather than when expanding operations in already served markets[16]. Moreover, they are broadly similar to those found in Peru (see Volpe Martincus and Carballo, 2008a).

We then replicate these estimations on two alternative samples: first, we exclude those firms that have been assisted by Fundación ExportAR in the previous year; second, we exclude those firms that have been assisted by Fundación ExportAR (at least once) in the past. This allows us to generate a common "before treatment" period and to consider a more homogeneous set of firms in this period[17]. Estimation results are shown in the second and third panels of Table 3[18]. These results essentially confirm our main findings. Notice, however, that, in this case, the effect on product diversification appears to be weaker and less robust. Hence, export promotion programs seem to have been effective in facilitating an increase of firms' exports along the extensive margin, primarily in terms of destination countries, but not along the intensive margin[19].

[16] In general, it can be expected that, over time, growth in the number of total destinations (products) will be associated with introduction of new trade partners (products). In particular, this is indeed the case in our sample.

[17] While the original sample corresponds to the period 2002-2006 and has 41,224 observations, these restricted samples only cover the period 2003-2006 and have 39,286 and 37,217 observations, respectively.

[18] The R^2s are similar to those reported for our benchmark estimations.

[19] It is well known that the conventional difference-in-differences estimator is based on the assumption that, in absence of the treatment, the average outcomes for firms participating in export promotion programs and firms not participating in these programs would have followed parallel paths over time, i.e., both average outcomes would have experienced the same variation over time (see Abadie, 2005). This can be informally assessed by performing a so-called "placebo test". If we are accurately identifying the impact of these programs, we should see no difference between the average export outcomes of the treated and control groups in the pre-intervention

So far we have assumed that trade promotion programs have a common effect for firms with different sizes and have accordingly just estimated an overall average treatment effect. As discussed before, these effects may be heterogeneous over size categories. In the next sub-section, we will explicitly investigate whether this is the case.

4.2 Are there Heterogeneous Effects by Firm Size Category?

In order to assess whether there are heterogeneous treatment effects by observed covariates, we use the non-parametric test proposed by Crump et al. (2008). This is formally a test for the null hypothesis that the average effect conditional on the covariates is identical for all subpopulations. The test statistics and the corresponding p-values under both the standard normal distribution and the approximation, the chi-squared distribution with degrees of freedom equal to the number of covariates minus one, obtained when applied to our data are presented in Table 4. These tests clearly indicate that there is indeed strong evidence of heterogeneity for all export outcomes, except for the growth of the number of products sold abroad.

We therefore turn to estimating Equation (4), which expands Equation (3) by adding interactions between the treatment indicator and the binary variables capturing firm size categories. The estimated coefficients on these interactions are presented in the first panel of Table 5. The estimation results suggest that the positive effects of export promotion programs administered by Fundación ExportAR on total exports and number of destination countries are clearly stronger for small and medium-sized firms.

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period. We therefore compare the rate of change of each export indicator for firms that have been assisted in at least one sample year with those of non-assisted firms over periods in which the former have not received yet their first assistance. More specifically, we carry out t-tests for differences in means for the logarithmic differences of the variables in question. Reassuringly, the relevant test statistics suggest that these differences are not significant, i.e., supported and never-supported firms seem to behave similarly when no participation in export promotion programs takes place. A table with these test statistics is available from the authors upon request.

Thus, the growth rates of exports and number of countries are 10.7 percent (($e^{0.102}$-1)x100=10.7) and 10.4 percent (($e^{0.099}$-1)x100=10.4) higher, respectively, for small firms that have participated in these programs than for comparable non-participating firms. Similarly, these rates are 16.2 percent (($e^{0.150}$-1)x100=16.2) and 8.9 percent (($e^{0.085}$-1)x100=8.9) higher, respectively, for medium-sized companies assisted by Fundación ExportAR than for companies within the same size category that have not received this assistance. With average growth rates of total exports of 10.8 percent and 14.7 percent for small and medium-sized firms respectively, these estimates mean that supported firms in these size segments would have growth rates 1.2 and 2.4 percentage points higher than non-supported counterparts, respectively. Finally, we note that, with the exception of a weak impact on the change in the number of goods sold abroad, no significant impacts are observed on the export outcomes of large firms.

As before, we replicate these estimations for the two sub-samples with common pre-intervention states, i.e., on the sample excluding for each year firms that have been assisted in the past, either in the year immediately before or in some other previous year. Results from these estimations are shown in the second and third panels of Table 5. They essentially confirm our main conclusions. Notice that now no significant effects are detected on the export performance of large firms.

Hence, in the previous sub-section we have seen that trade promotion actions performed by Fundación ExportAR help firms expand their total exports primarily along the country-extensive margin. In this sub-section we have learned that these positive effects are mainly concentrated in small and medium-sized companies. This is also consistent with what one would expect *a priori*. As mentioned above, imperfect information is a more important deterrent for small and medium-sized companies; accordingly, public programs aiming at overcoming limited information problems are more likely to benefit their export performance as compared with that of larger firms, which in principle have the scale and resources to address these problems by themselves.

4.3 Robustness

In this subsection, we examine the robustness of our findings to changes in the definitions of the firm types as well as to corrections for potential econometric problems by performing several checks.

Although our classification of firm sizes is standard in the empirical literature, there are of course alternative classifications[20]. We therefore explore whether our results are sensitive to variations in the thresholds delimiting the size categories. In particular, we re-estimate Equations (3) and (4) using the following specification of these categories: (i) large firms are those whose number of employees exceeds 250 and small firms are those whose number of employees does not exceed 40; (ii) large firms are those whose number of employees exceeds 150 and small firms are those whose number of employees does not exceed 60; and (iii) small and medium-sized firms are pooled together and large firms are defined as those whose number of number of employees exceeds 250.[21] We report the estimation results based on these size classifications in Table 6. These results do not significantly differ from those presented before, which makes as confident that our estimates do not depend on the specific employee levels used to define the firm size classes.

Systematic differences between the treated and control groups in terms of firm characteristics influencing the dynamics of the export outcome variables may create non-parallel trajectories in these variables, thus contaminating the difference-in-differences estimates (see Abadie, 2005). This

[20] See, e.g., Wagner (1995), Argentinean Law 24.476/1995 (reformed), Burdisso et al. (2001), OECD (2005), and Gallup (2007).

[21] We have also performed estimations based on alternative definitions that only change one of the limits, namely, (i') large firms are those whose number of employees exceeds 250; (ii') small firms are those whose number of employees does not exceed 40; (iii') larger firms are those whose number of employees exceeds 150; (iv') small firms are those whose number of employees does not exceed 60. The estimation results are similar to those reported here and are available from the authors upon request.

would happen if a relevant covariate is omitted, resulting in misspecification of the parametric models defined in Equations (3) and (4). For instance, if a temporary fall in exports causes firms to seek support from export promotion programs run by Fundación ExportAR, the process determining D_{it} would involve lagged dependent variables. A return to normal export levels would then result in higher export growth among the treated even without the effect of participation[22]. In this case, the difference-in-differences estimator would likely overestimate the impact of the programs and would be inconsistent (see Blundell and Costa Dias, 2002).

The possibility of such misspecification can be addressed by using the so-called *double robust estimation* procedure (see, e.g., Robins and Rotznisky, 1995; Imbens, 2004; Imbens and Wooldridge, 2008: and Chen et al., 2009)[23]. This consists of combining regression with weighting by the propensity score, in our case, the probability to participate in trade promotion activities organized by Fundación ExportAR conditional on observed covariates, including lagged export outcomes, i.e., lagged total exports, lagged number of destination countries, and lagged number of exported products. In particular, this estimator eliminates remaining biases leading to a consistent estimate of the treatment effect as long as the parametric model for the propensity score or the regression function is specified correctly (see Robins and Ritov, 1997)[24]. Further, precision can be improved when covariates are incorporated to the regression function (see Imbens, 2004). Hence, as a robustness check, we also estimate Equations (3) and (4) with weights equal to unity

[22] In the labour market literature, this is known as Ashenfelter´s dip (see Ashenfelter, 1978).

[23] Estimators of treatment effects that weight on functions of the probability of treatment are based on the statistic proposed by Horvitz and Thompson (1952) (see Abadie, 2005).

[24] More precisely, combining regression with weighting can lead to additional robustness by both removing the correlation between omitted variables and by reducing the correlation between omitted and included variables (see Imbens and Wooldridge, 2008).

for assisted firms and $\hat{P}(X)/1-\hat{P}(X)$ for non-assisted firms, where $\hat{P}(X)=P(D_i=1|X_i)$ is a consistent estimate of $P(X)$ and $0<\hat{P}(X)<1$ (see, e.g., Hirano and Imbens, 2001; Hirano et al., 2003; and Chen et al., 2009). Estimates of these equations, based on both the whole sample and the two sub-samples excluding previously assisted firms, are presented in Table 7.[25] These estimates essentially convey the same message as those shown in Table 5.[26]

As additional robustness checks, we also compare our baseline estimates with those obtained using estimators that impose fewer parametric restrictions, namely, the semi-parametric difference-in-differences estimator proposed by Abadie (2005) and the matching difference-in-differences estimator proposed by, among others, Blundell and Costa Dias (2002). In both cases, the initial step consists of estimating the propensity scores. In the second step, the before and after differences for assisted and non-assisted firms are re-weighted to account for their differences in the distribution of observed characteristics using the propensity scores[27]. In particular, the second estimator compares the change in exports of assisted firms with that of paired non-assisted firms as determined on the basis of their propensity scores; the significance of the resulting treatment effect is assessed using both analytical and bootstrapped standard errors[28]. We present the results from

[25] The estimation of the propensity score is discussed in detail in an appendix available from the authors upon request.

[26] Notice that, despite the fact that we are including lagged values controlling for previous export performance, these estimates are also based on the period 2002-2006 because we are using export data from 2001 as firms' export outcomes antecedents in 2002.

[27] These procedures also rely for identification on the assumption that there are no time-varying unobserved effects influencing selection into trade promotion programs and exports.

[28] We use here a result from Rosenbaum and Rubin (1983), according to which matching can be performed on the propensity score instead of on the whole set of observable characteristics. This significantly reduces the dimensionality problem associated with comparison of multiple characteristics. Notice, however, that the propensity score is in fact generated by fitting a parameter structure (probit or logit). It is, therefore, necessary to

applying the aforementioned methods in Tables 8 and 9, respectively. These results also corroborate our main findings.

By using the propensity score as defined above, we are in principle able to control for firm size and previous export experience. However, there may be additional time-varying characteristics that are correlated with selection into trade promotion programs and export outcomes, thus generating a violation of the main identifying assumption behind the estimators used in this paper. We address below two important cases. First, the export promotion agency may prioritize specific sectors and specific destination countries in particular years. We account for this possibility by adding two control variables in the propensity score, namely, for each firm-year we include the shares of exporters participating in export support programs in the main 2-digit sectors and in the main country market in which the firm is an active exporter, and re-estimating the assistance effects applying the methods that use this score, namely, weighted difference-in-differences, semiparametric difference-in-differences à la Abadie (2005), and matching difference-in-differences.

Second, a similar problem would arise if firms' changing mix of products results in differences in demand for promotion services over time. It is well known that firms selling abroad differentiated products tend to face more severe information problems. Thus, firms with an increasing share of these products in their export baskets are more likely to resort to support. The same argument can apply to firms exporting to more sophisticated markets such as those in the OECD

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test whether the estimated propensity score is successful in balancing the values of covariates between matched treatment and comparison groups. We assess the matching quality using five alternative tests: the stratification test; the standardized differences test; the t-test for equality of means in the matched sample; the test for joint equality of means in the matched sample or Hotelling test; and the pseudo R^2 and the joint insignificance test of all regressors included in the propensity score specification (see, e.g., Smith and Todd, 2005b; Girma and Görg, 2007; and Caliendo and Kopeinig, 2008). These tests are reported in an appendix available from the authors upon request.

countries. Types of goods traded and destination may also help shape export outcomes. Differentiated goods are heterogeneous both in terms of their characteristics and their quality. This interferes with the signalling function of prices, thus creating trade frictions. This is especially important for firms from a developing country such as Argentina, whose products, due to national reputation effects, might be perceived by buyers as less technologically advanced and of poorer quality than those from developed countries (see, e.g., Chiang and Masson, 1988; Hudson and Jones, 2003)[29]. Challenges involved in exporting to familiar neighbouring countries tend to be smaller for than those faced when exporting to more distant, developed country markets. Firms may have to upgrade products as well as marketing strategies to succeed in exporting goods to these latter markets[30]. We therefore re-estimate the treatment effects using the propensity score-based procedures, but this time including in the set of regressors (a) the lagged ratio of exports of differentiated products (as defined in terms of the liberal version of the classification proposed by Rauch, 1999) to firms' total exports; and (b) the lagged ratio of exports to OECD countries also to firms' total exports. Estimation results based on these two modified versions of the propensity score are fully consistent with our baseline estimates[31].

To sum up, there is strong robust evidence that trade supporting programs managed by Fundación ExportAR have promoted Argentinean firms' export growth mainly by

[29] Export promotion activities are likely to have different effects on export performance over firms exporting bundles of products with different degrees of differentiation and thus facing varying levels of information incompleteness (see Volpe Martincus and Carballo, 2008b).

[30] Properly shaping the marketing strategy to meet these markets' requirements is an information-intensive activity. For instance, firms need to learn and understand the preferences of foreign consumers; the nature of competition in foreign markets; the structure of distribution networks, and the requirements, incentives and constraints of the distributors (see, e.g., Artopoulos et al., 2007).

[31] Detailed tables reporting these estimation results are available from the authors upon request.

facilitating an increase in the number of countries they sell to. However, these effects are not distributed uniformly over firm size categories. More concretely, as expected, the positive impacts are primarily observed in small and medium-sized companies.

5. Concluding Remarks

Trade impediments such as informational barriers may affect differently firms of different sizes. In particular, they are likely to have stronger deterring effects on smaller companies because these lack the scale and thus the resources to acquire the needed information by themselves. Public programs aiming at addressing such information problems can therefore be expected to have larger impacts on these firms' export performance than on that of large firms. In fact, smaller companies are the declared primary beneficiaries of these public interventions. The overall effectiveness of trade promotion initiatives has been assessed in a number of studies and there is some partial and limited evidence on the impact of such services specifically on small and medium-sized enterprises. However, the empirical literature is still silent on whether these effects are heterogeneous over firm size categories as conventionally defined by policymakers, i.e., in term of employment levels. Knowing this is critical to assess to what extent these public activities are well targeted.

In this paper, we contribute to this literature by carefully examining whether and how export promotion programs executed by Argentina's national agency Fundación ExportAR affect export outcomes of firms belonging to different size segments. In doing this, we have performed conventional difference-in-differences estimation along with several variants of this method on a rich dataset including firm-level data on exports by product and country of destination and employment for virtually the whole population of Argentinean exporters.

We find that indeed these public programs have non-uniform effects over the size distribution of firms. They seem to be well targeted in the sense that significant effects are only registered

for small and medium-sized companies. More specifically, support from Fundación ExportAR seems to have resulted in increased exports from firms within these size categories and this has mainly taken place through an expansion of the set of destination countries. This is consistent with our priors since information barriers tend to be more severe when attempting to enter new export markets than when attempting to expand exports to countries that are already among firms' destination markets and, as noted above, their trade inhibiting effects are especially strong for smaller business units.

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Table 1

Aggregate Export Indicators

Year	Total Exports	Number of Countries	Number of Products
2002	25,218	181	11,883
2003	28,996	185	11,289
2004	33,837	196	11,669
2005	38,887	193	12,031
2006	45,504	194	12,128

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR and AFIP.

Notes: Total exports are expressed in millions of US dollars. The number of products is based on the HS 10-digit classification.

Table 2

Average Exports and Assistance Indicators

Year	Number of Firms	Average Exports	Average No. of Countries	Average No. of Products	No. of Firms Assisted
All Firms					
2002	10,216	2,468.49	3.34	9.51	155
2003	10,797	2,685.51	3.51	8.93	319
2004	11,408	2,966.09	3.62	8.99	419
2005	12,173	3,194.53	3.78	9.22	423
2006	12,649	3,597.41	3.79	9.35	526
Small (<=50 Employees)					
2002	7,868	302.84	2.35	6.89	87
2003	8,169	334.13	2.45	6.45	198
2004	8,494	369.00	2.51	6.28	242
2005	9,004	382.48	2.62	6.38	217
2006	9,256	381.43	2.61	6.40	312
Medium (50<Employees<=200)					
2002	1,698	2,507.17	5.07	12.67	43
2003	1,890	2,308.11	5.20	11.96	77
2004	2,104	2,158.53	5.23	12.00	114
2005	2,257	2,413.05	5.40	12.05	128
2006	2,421	2,637.44	5.31	11.78	143
Large (>200 Employees)					
2002	650	28,581.85	10.86	32.93	25
2003	738	29,679.76	10.93	28.61	44
2004	810	32,297.90	11.13	29.69	63
2005	912	32,891.40	11.21	30.20	78
2006	972	36,613.02	11.24	31.38	71

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

Notes: Average exports are expressed in thousands of US dollars.

Table 3

Average Effect of Assistance by Fundación ExportAR
Difference-in-Differences Estimates

Full Sample, 2002-2006

Export Outcome	Without Covariates Controlling for Size	With Covariates Controlling for Size
Total Exports	0.193***	0.132***
	(0.0304)	(0.037)
Number of Countries	0.137***	0.099***
	(0.0140)	(0.017)
Number of Products	0.098***	0.093***
	(0.018)	(0.024)
Average Exports per Country and Product	-0.042	-0.006
	(0.026)	(0.035)
Average Exports per Country	0.056**	0.034
	(0.024)	(0.032)
Average Exports per Product	0.095***	0.039
	(0.028)	(0.034)

Firms Not Assisted the Previous Year, 2003-2006

Export Outcome	Without Covariates Controlling for Size	With Covariates Controlling for Size
Total Exports	0.228***	0.141***
	(0.054)	(0.051)
Number of Countries	0.136***	0.080***
	(0.024)	(0.022)
Number of Products	0.104***	0.060*
	(0.032)	(0.033)
Average Exports per Country and Product	-0.0132	-0.0490
	(0.049)	(0.047)
Average Exports per Country	0.091**	0.011
	(0.046)	(0.044)
Average Exports per Product	0.123**	0.031
	(0.050)	(0.047)

Firms Never Assisted Before, 2003-2006		
Export Outcome	**Without Covariates Controlling for Size**	**With Covariates Controlling for Size**
Total Exports	0.202***	0.177**
	(0.050)	(0.081)
Number of Countries	0.180***	0.123**
	(0.062)	(0.068)
Number of Products	0.091***	0.069
	(0.033)	(0.095)
Average Exports per Country and Product	-0.004	-0.0150
	(0.047)	(0.147)
Average Exports per Country	0.018	0.055
	(0.044)	(0.139)
Average Exports per Product	0.031	0.208
	(0.047)	(0.154)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

Notes: The table reports estimates of Equation (3). The dependent variables are the natural logarithm of the export performance indicators listed in the first column. The firm-level time-varying covariates controlling for size are two binary variables identifying whether the firm is small (up to 50 employees) or medium-sized (between 51 and 200 employees). The large category is the omitted variable. Firm fixed effects and year fixed effects are included but not reported. Robust standard errors, clustered by firm, are reported in parentheses below the estimated coefficients. Significance levels: * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level.

Table 4:

Non-Parametric Test for Heterogeneous Effects
Constant Conditional ATE

Export Outcome	Test	Chi-square	Normal
Total Exports	Statistics	19.751	3.970
	p-value	[0.003]	[0.000]
Number of Countries	Statistics	20.597	4.214
	p-value	[0.002]	[0.000]
Number of Products	Statistics	2.213	-1.093
	p-value	[0.899]	[0.137]
Average Exports per Country and Product	Statistics	13.641	2.206
	p-value	[0.034]	[0.014]
Average Exports per Country	Statistics	17.146	3.217
	p-value	[0.009]	[0.001]
Average Exports per Product	Statistics	23.196	4.964
	p-value	[0.001]	[0.000]

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR and AFIP.

Notes: The table reports the test statistics and the p-values of the non-parametric test of the null hypothesis that the average effect conditional on the covariates is identical for all subpopulations proposed by Crump et al. (2008), under both the standard normal distribution and the approximation, the chi-squared distribution with degrees of freedom equal to K-1 where K is the number of covariates.

Table 5

Average Effect of Assistance by Fundación ExportAR by Size Category
Difference-in-Differences Estimates
Full Sample, 2002-2006

Export Outcomes	Small	Medium	Large
Total Exports	0.102*	0.150**	0.138
	(0.053)	(0.069)	(0.088)
Number of Countries	0.099***	0.085***	0.061*
	(0.026)	(0.032)	(0.028)
Number of Products	0.071*	0.103**	0.079
	(0.036)	(0.044)	(0.052)
Average Exports per Country and Product	-0.068	-0.038	-0.022
	(0.050)	(0.065)	(0.090)
Average Exports per Country	0.003	0.065	0.057
	(0.046)	(0.061)	(0.080)
Average Exports per Product	0.032	0.047	0.059
	(0.048)	(0.065)	(0.090)

Firms not Assisted the Previous Year, 2003-2006

Export Outcomes	Small	Medium	Large
Total Exports	0.077**	0.126**	0.104
	(0.036)	(0.064)	(0.133)
Number of Countries	0.099***	0.050	0.064
	(0.034)	(0.044)	(0.046)
Number of Products	0.040	0.060	0.073
	(0.051)	(0.065)	(0.069)
Average Exports per Country and Product	-0.062	0.016	-0.033
	(0.071)	(0.079)	(0.138)
Average Exports per Country	-0.022	0.076	0.040
	(0.068)	(0.071)	(0.119)
Average Exports per Product	0.037	0.067	0.031
	(0.072)	(0.076)	(0.143)

Firms Never Assisted Before, 2003-2006			
Export Outcomes	**Small**	**Medium**	**Large**
Total Exports	0.130**	0.252**	0.389
	(0.061)	(0.123)	(0.300)
Number of Countries	0.170**	0.233**	0.264
	(0.080)	(0.100)	(0.167)
Number of Products	0.025	0.108	0.513
	(0.116)	(0.162)	(0.466)
Average Exports per Country and Product	-0.065	0.027	-0.066
	(0.163)	(0.036)	(0.079)
Average Exports per Country	-0.040	0.038	-0.144
	(0.158)	(0.040)	(0.493)
Average Exports per Product	0.105	0.054	-0.124
	(0.179)	(0.064)	(0.194)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

Notes: The table reports estimates of Equation (4). The dependent variables are the natural logarithm of the export performance indicators listed in the first column. The firm-level time-varying covariates controlling for size are two binary variables identifying whether the firm is small (up to 50 employees) or medium-sized (between 51 and 200 employees). The category "large" is the omitted variable. Firm fixed effects and year fixed effects are included but not reported. Robust standard errors, clustered by firm, are reported in parentheses below the estimated coefficients. Significance levels: * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level.

Table 6

Average Effect of Assistance by Fundación ExportAR by Size Category

Difference-in-Differences Estimates, Alternative Definitions of Size Categories

Category Definition	Small: <= 40 Employees; Large > 250 Employees				Small: <= 60 Employees; Large > 150 Employees				Small and Medium Pooled Together		
Full Sample, 2002-2006											
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Non-Large**	**Large**
Total Exports	0.133***	0.101*	0.149**	0.137	0.130***	0.104*	0.152**	0.14	0.135***	0.156***	0.138
	(0.037)	(0.053)	(0.069)	(0.088)	(0.037)	(0.053)	(0.069)	(0.088)	(0.037)	(0.064)	(0.088)
No. of Countries	0.099***	0.099***	0.085***	0.061**	0.098***	0.100***	0.086***	0.062**	0.100***	0.098***	0.061**
	(0.017)	(0.026)	(0.032)	(0.028)	(0.017)	(0.026)	(0.032)	(0.028)	(0.017)	(0.029)	(0.028)
No. of Products	0.094***	0.070*	0.102**	0.078	0.092***	0.072**	0.104***	0.080	0.078**	0.123***	0.079
	(0.024)	(0.036)	(0.044)	(0.052)	(0.024)	(0.036)	(0.044)	(0.052)	(0.037)	(0.029)	(0.052)
Ave. Exports per Country and Product	-0.006	-0.068	-0.038	-0.022	-0.060*	-0.007	-0.004	-0.002	0.076	0.003	-0.022
	(0.035)	(0.05)	(0.065)	(0.090)	(0.035)	(0.050)	(0.065)	(0.09)	(0.052)	(0.044)	(0.09)
Average Exports per Country	0.034	0.003	0.065	0.057	0.032	0.003	0.069	0.061	0.035	0.054	0.057
	(0.032)	(0.046)	(0.061)	(0.080)	(0.032)	(0.046)	(0.061)	(0.08)	(0.032)	(0.054)	(0.080)
Average Exports per Product	0.039	0.032	0.047	0.059	0.038	0.033	0.048	0.061	0.040	0.087	0.059
	(0.034)	(0.048)	(0.065)	(0.090)	(0.034)	(0.048)	(0.065)	(0.09)	(0.034)	(0.058)	(0.090)

Average Effect of Assistance by Fundación ExportAR by Size Category (cont)

Category Definition	Small: <= 40 Employees; Large > 250 Employees				Small: <= 60 Employees; Large > 150 Employees				Small and Medium Pooled Together		
Firms Not Assisted the Previous Year, 2003-2006											
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Non-Large**	**Large**
Total Exports	0.188***	0.082**	0.134**	0.111	0.188***	0.082**	0.134**	0.111	0.190**	0.083**	0.104
	(0.051)	(0.036)	(0.064)	(0.133)	(0.050)	(0.035)	(0.063)	(0.130)	(0.051)	(0.036)	(0.133)
No. of Countries	0.079***	0.098***	0.049	0.063	0.079***	0.098***	0.049	0.063	0.080***	0.099***	0.064
	(0.022)	(0.034)	(0.044)	(0.046)	(0.022)	(0.034)	(0.044)	(0.046)	(0.022)	(0.034)	(0.046)
No. of Products	0.059*	0.039	0.059	0.072	0.059*	0.039	0.059	0.072	0.060*	0.040	0.073
	(0.033)	(0.051)	(0.065)	(0.069)	(0.033)	(0.051)	(0.065)	(0.069)	(0.033)	(0.051)	(0.069)
Average Exports per Country and Product	-0.050	-0.063	0.016	-0.034	-0.050	-0.063	0.016	-0.034	-0.049	-0.062	-0.033
	(0.047)	(0.071)	(0.079)	(0.138)	(0.047)	(0.071)	(0.079)	(0.138)	(0.047)	(0.071)	(0.138)
Average Exports per Country	0.009	-0.018	0.062	0.033	0.009	-0.018	0.062	0.033	0.010	-0.020	0.040
	(0.044)	(0.068)	(0.071)	(0.119)	(0.044)	(0.068)	(0.071)	(0.119)	(0.044)	(0.068)	(0.119)
Average Exports per Product	0.029	0.035	0.063	0.029	0.029	0.035	0.063	0.029	0.031	0.037	0.031
	(0.047)	(0.072)	(0.076)	(0.143)	(0.047)	(0.072)	(0.076)	(0.143)	(0.047)	(0.072)	(0.143)

Average Effect of Assistance by Fundación ExportAR by Size Category (cont)

Category Definition	Small: <= 40 Employees; Large > 250 Employees				Small: <= 60 Employees; Large > 150 Employees				Small and Medium Pooled Together		
Firms not previously assisted by Fundación ExportAR											
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Small**	**Medium**	**Large**	**All Firms**	**Non-Large**	**Large**
Total Exports	0.273*	0.124**	0.241*	0.372	0.265*	0.147**	0.286**	0.441	0.282**	0.186**	0.389
	(0.161)	(0.061)	(0.123)	(0.300)	(0.160)	(0.064)	(0.129)	(0.315)	(0.120)	(0.090)	(0.300)
No. of Countries	0.221***	0.214***	0.293***	0.302	0.217***	0.210***	0.288***	0.296	0.225***	0.218***	0.240
	(0.068)	(0.080)	(0.100)	(0.190)	(0.068)	(0.080)	(0.100)	(0.190)	(0.068)	(0.080)	(0.19)
No. of Products	0.066	0.024	0.103	0.491	0.063	0.023	0.099	0.468	0.071	0.026	0.513
	(0.095)	(0.116)	(0.162)	(0.466)	(0.095)	(0.116)	(0.162)	(0.466)	(0.095)	(0.116)	(0.466)
Average Exports per Country and Product	-0.015	-0.065	0.027	-0.066	-0.016	-0.069	0.029	-0.070	-0.014	-0.061	-0.066
	(0.147)	(0.163)	(0.036)	(0.079)	(0.147)	(0.163)	(0.036)	(0.079)	(0.147)	(0.163)	(0.079)
Average Exports per Country	0.052	-0.038	0.036	-0.136	0.047	-0.034	0.032	-0.123	0.058	-0.042	-0.144
	(0.140)	(0.159)	(0.040)	(0.497)	(0.139)	(0.158)	(0.040)	(0.493)	(0.139)	(0.158)	(0.493)
Average Exports per Product	0.207	0.104	0.054	-0.123	0.202	0.102	0.052	-0.120	0.211	0.107	-0.124
	(0.154)	(0.179)	(0.064)	(0.194)	(0.153)	(0.178)	(0.064)	(0.193)	(0.153)	(0.178)	(0.194)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

Notes: The table reports estimates of Equations (3) and (4) for alternative definitions of the firm size categories. The dependent variables are the natural logarithm of the export performance indicators listed in the first column. Firm fixed effects and year fixed effects are included but not reported. Robust standard errors, clustered by firm, are reported in parentheses below the estimated coefficients. Significance levels: * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level.

Table 7

Average Effect of Assistance by Fundación ExportAR by Size Category
Propensity Score-Weighted Difference-in-Differences Estimates

Full Sample, 2002-2006

Export Outcomes	All Firms	Small	Medium	Large
Total Exports	0.237***	0.214***	0.302***	0.176
	(0.042)	(0.057)	(0.067)	(0.109)
Number of Countries	0.162***	0.180***	0.167***	0.140***
	(0.022)	(0.030)	(0.036)	(0.047)
Number of Products	0.140***	0.142***	0.180***	0.110**
	(0.027)	(0.040)	(0.042)	(0.061)
Average Exports per Country and Product	-0.055	-0.053	-0.044	-0.147
	(0.041)	(0.054)	(0.068)	(0.107)
Average Exports per Country	0.085**	0.056	0.135**	-0.004
	(0.037)	(0.048)	(0.062)	(0.105)
Average Exports per Product	0.098**	0.104**	0.122*	0.033
	(0.038)	(0.051)	(0.064)	(0.100)

Firms Not Assisted the Previous Year, 2003-2006

Export Outcomes	All Firms	Small	Medium	Large
Total Exports	0.148**	0.119**	0.146**	0.203
	(0.046)	(0.062)	(0.073)	(0.384)
Number of Countries	0.126***	0.165**	0.114**	0.251
	(0.024)	(0.079)	(0.057)	(0.205)
Number of Products	0.065*	0.016	0.087	0.348
	(0.035)	(0.119)	(0.154)	(0.499)
Average Exports per Country and Product	-0.053	-0.062	-0.024	-0.070
	(0.050)	(0.166)	(0.041)	(0.072)
Average Exports per Country	0.012	-0.046	0.332	-0.348
	(0.049)	(0.160)	(0.386)	(0.568)
Average Exports per Product	0.044	0.103	0.458	-0.145
	(0.052)	(0.177)	(0.386)	(0.222)

Table 7 (continued)

Firms Never Assisted Before, 2003-2006

Export Outcomes	All Firms	Small	Medium	Large
Total Exports	0.147***	0.124**	0.166**	0.163
	(0.062)	(0.053)	(0.083)	(0.144)
Number of Countries	0.169***	0.145**	0.121**	0.214
	(0.068)	(0.069)	(0.050)	(0.167)
Number of Products	0.069	0.023	0.065	0.148
	(0.098)	(0.089)	(0.099)	(0.141)
Average Exports per Country and Product	-0.021	-0.042	0.0245	-0.0696
	(0.146)	(0.106)	(0.048)	(0.102)
Average Exports per Country	0.038	-0.06	0.132	-0.084
	(0.140)	(0.097)	(0.086)	(0.068)
Average Exports per Product	0.108	0.103	0.108	-0.095
	(0.151)	(0.177)	(0.106)	(0.102)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

The table reports estimates of Equations (3) and (4) weighted by the propensity score as indicated in the text. The dependent variables are the natural logarithm of the export performance indicators listed in the first column. Firm fixed effects and year fixed effects included (not reported). Robust standard errors, clustered by firm, reported in parentheses below the estimated coefficients. * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level.

Table 8

Average Effect of Assistance by Fundación ExportAR by Size Category Semiparametric Difference-in-Differences Estimates based on the Abadie (2005) Estimator

Full Sample, 2002-2006				
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**
Total Exports	0.143***	0.165***	0.147***	0.116**
	(0.045)	(0.04)	(0.044)	(0.051)
Number of Countries	0.162***	0.228***	0.150***	0.109***
	(0.020)	(0.018)	(0.023)	(0.019)
Number of Products	0.088***	0.086***	0.120***	0.058*
	(0.028)	(0.025)	(0.028)	(0.031)
Average Exports per Country and Product	-0.012	-0.015	-0.015	-0.005
	(0.046)	(0.04)	(0.041)	(0.057)
Average Exports per Country	-0.03	-0.063	-0.033	0.007
	(0.044)	(0.045)	(0.037)	(0.049)
Average Exports per Product	0.044	0.078*	-0.003	0.058
	(0.046)	(0.04)	(0.043)	(0.055)
Firms Not Assisted the Previous Year, 2003-2006				
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**
Total Exports	0.074**	0.121***	0.080**	0.020
	(0.037)	(0.036)	(0.035)	(0.046)
Number of Countries	0.124***	0.191***	0.114***	0.068***
	(0.017)	(0.015)	(0.018)	(0.017)
Number of Products	0.058***	0.069***	0.074***	0.032
	(0.024)	(0.021)	(0.024)	(0.027)
Average Exports per Country and Product	-0.012	-0.014	-0.015	-0.008
	(0.039)	(0.034)	(0.034)	(0.048)
Average Exports per Country	-0.006	-0.007	-0.007	-0.005
	(0.035)	(0.032)	(0.03)	(0.043)
Average Exports per Product	0.000	0.005	-0.003	-0.001
	(0.039)	(0.035)	(0.034)	(0.048)

Table 8 continued

Firms Never Assisted Before, 2003-2006				
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**
Total Exports	0.057***	0.134***	0.060***	-0.022
	(0.022)	(0.019)	(0.02)	(0.028)
Number of Countries	0.068***	0.116***	0.061***	0.028***
	(0.010)	(0.011)	(0.01)	(0.01)
Number of Products	-0.002	0.024*	0.012	-0.041
	(0.025)	(0.014)	(0.012)	(0.05)
Average Exports per Country and Product	-0.015	-0.016	-0.016	-0.012
	(0.021)	(0.024)	(0.02)	(0.02)
Average Exports per Country	-0.015	-0.014	-0.015	-0.016
	(0.020)	(0.024)	(0.018)	(0.017)
Average Exports per Product	-0.022	-0.046	-0.01	-0.009
	(0.026)	(0.036)	(0.02)	(0.021)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR , and AFIP.

Notes: The table reports semiparametric difference-in-differences estimates (see Abadie, 2005) of the average assistance effect on assisted firms both pooling over firms and discriminating across their size categories for the six export performance indicators. Standard errors are reported in parentheses below the estimated coefficients. Significance levels: * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level.

Table 9

Average Effect of Assistance by Fundación ExportAR by Size Category
Matching Difference-in-Differences Estimates based on the Kernel Estimator

Full Sample, 2002-2006

Export Outcomes	All Firms	Small	Medium	Large
Total Exports	0.160	0.169	0.124	0.106
	(0.028)***	(0.039)***	(0.047)***	(0.066)
	(0.033)***	(0.036)***	(0.042)***	(0.053)*
Number of Countries	0.177	0.195	0.143	0.123
	(0.013)***	(0.018)***	(0.024)***	(0.024)***
	(0.016)***	(0.015)***	(0.021)***	(0.021)***
Number of Products	0.074	0.086	0.109	0.072
	(0.017)***	(0.025)***	(0.029)***	(0.037)*
	(0.019)***	(0.027)***	(0.028)***	(0.036)**
Average Exports per Country and Product	-0.009	-0.011	-0.015	-0.007
	(0.028)	(0.04)	(0.045)	(0.07)
	(0.031)	(0.033)	(0.043)	(0.061)
Average Exports per Country	-0.017	-0.026	-0.038	0.000
	(0.025)	(0.035)	(0.042)	(0.064)
	(0.029)	(0.039)	(0.038)	(0.055)
Average Exports per Product	0.086	0.083	-0.003	0.051
	(0.028)***	(0.039)**	(0.045)	(0.068)
	(0.031)***	(0.037)**	(0.042)	(0.058)

Table 9 continued

Firms Not Assisted the Previous Year, 2003-2006				
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**
Total Exports	0.240	0.214	0.141	0.204
	(0.037)***	(0.067)***	(0.061)**	(0.123)
	(0.039)***	(0.098)**	(0.063)**	(0.136)
Number of Countries	0.187	0.181	0.106	0.062
	(0.016)***	(0.028)***	(0.036)***	(0.037)
	(0.018)***	(0.04)***	(0.037)***	(0.055)
Number of Products	0.105	0.107	0.112	0.113
	(0.022)***	(0.039)***	(0.048)***	(0.08)
	(0.024)***	(0.052)**	(0.054)**	(0.089)
Average Exports per Country and Product	0.053	-0.073	-0.077	-0.010
	(0.037)	(0.065)	(0.067)	(0.131)
	(0.039)	(0.092)	(0.099)	(0.159)
Average Exports per Country	0.052	0.033	0.035	0.103
	(0.033)	(0.06)	(0.055)	(0.117)
	(0.035)	(0.085)	(0.085)	(0.135)
Average Exports per Product	0.135	0.107	0.029	0.092
	(0.036)***	(0.066)	(0.064)	(0.133)
	(0.038)***	(0.097)	(0.096)	(0.153)

Table 9 continued

Firms Never Assisted Before, 2003-2006				
Export Outcomes	**All Firms**	**Small**	**Medium**	**Large**
Total Exports	0.468	0.383	0.513	0.238
	(0.102)***	(0.117)***	(0.172)***	(0.041)***
	(0.107)***	(0.161)*	(0.177)***	(0.078)***
Number of Countries	0.251	0.204	0.272	0.057
	(0.042)***	(0.046)***	(0.102)***	(0.301)
	(0.049)***	(0.061)***	(0.106)***	(0.31)
Number of Products	0.113	0.100	0.158	0.374
	(0.052)**	(0.059)*	(0.111)	(0.414)
	(0.055)**	(0.084)	(0.116)	(0.463)
Average Exports per Country and Product	0.104	0.079	0.083	-0.107
	(0.095)	(0.106)	(0.213)	(0.087)
	(0.098)	(0.14)	(0.279)	(0.103)
Average Exports per Country	0.217	0.179	0.241	-0.196
	(0.092)***	(0.103)*	(0.178)	(0.332)
	(0.095)**	(0.144)	(0.24)	(0.362)
Average Exports per Product	0.355	0.283	0.355	0.004
	(0.097)***	(0.110)***	(0.189)*	(0.385)
	(0.099)***	(0.146)**	(0.204)	(0.407)

Source: Own calculations on data from UMCE-SICP, Fundación ExportAR, and AFIP.

Notes: The table reports matching difference-in-differences estimates of the average assistance effect on assisted firms both pooling over firms and discriminating across their size categories for the six export performance indicators. Kernel matching is based on the Epanechnikov kernel with a bandwidth of 0.04. Analytical and bootstrapped standard errors based on 500 replications are reported in parentheses. Significance levels: * significant at the 10 percent level; ** significant at the 5 percent level; *** significant at the 1 percent level. The significance indicator is reported with the standard errors corresponding to each method used to compute these errors.

Figure 1

Distribution of Firms across Product-Market Export Patterns (2006)

Small **Medium** **Large**

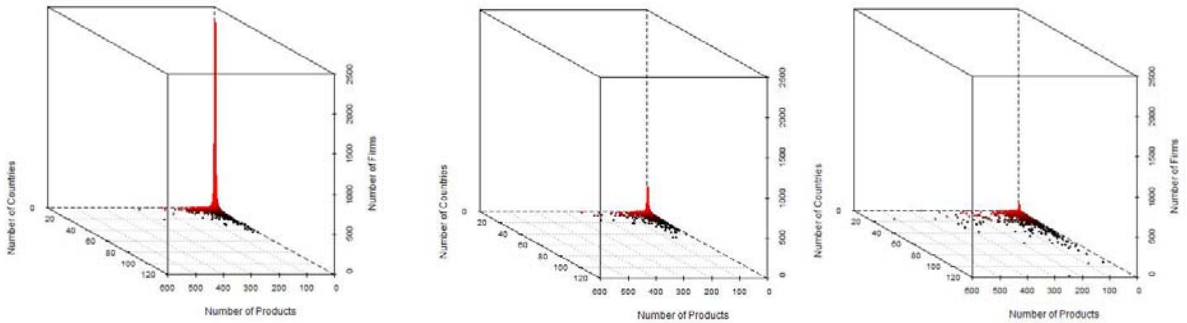
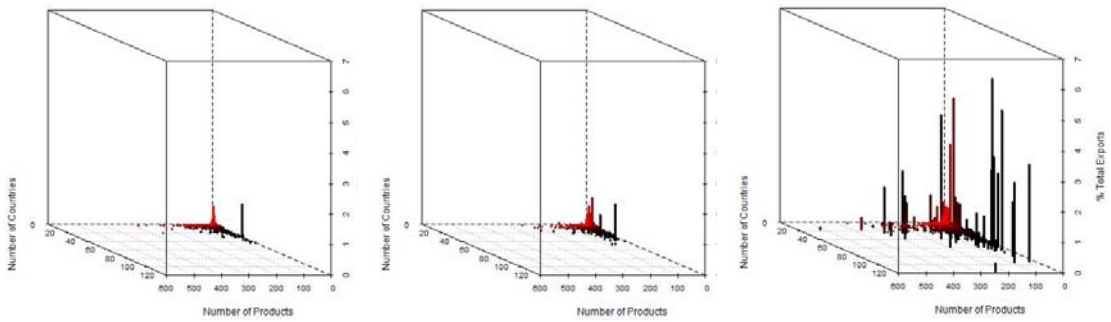


Figure 2

Distribution of Export Shares across Firms with Different Product-Market Export Patterns

Small **Medium** **Large**



Source: Own elaboration on data provided by UMCE-SICP, Fundación ExportAR and AFIP.