

The determinants of firm export growth: does the indebtedness and target market matter?

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The main aim of this paper is to investigate whether and how the indebtedness of a firm can affect the export strategy and the export growth of manufacturing firms. The work considers both financial and operational leverage, taking financial debts, trade credit, as well as tax debts. Studying the role of leverage in export growth, we take into consideration also local characteristics of the target market (i.e., the destination Country), and some control variables at firm-specific level. We use a novel dataset on Italian exporting manufacturing firm which includes data on the quantity and the value of each firm export for the period 2013-2021 and for each of its destination country (our target market). This dataset will be enriched with financial accounts information extracted from the AIDA database.

Our expectations regarding the impact of debt on the export growth is not straightforward: on the one hand, the indebtedness is used by the firm to invest in exports, consequently the export growth is expected; on the other hand, a firm that is indebted for other reasons may find it difficult to export. Finally, we expect to find differences on the firms' export growth based on the local characteristics of the target market.