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Experience, age and exporting performance in UK SMEs

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It has often been argued that smaller firms face particularly strong resource constraints in developing an international market profile. Here we consider the determinants of SMEs exporting using a survey of internationally engaged UK SMEs. We first develop a theoretical model incorporating organisational and prior managerial learning effects. Our empirical analysis then allows us to separately identify the positive effects on exporting from the international experience of the firm and the negative effects of firm age. Positive exporting effects also result from grafted knowledge – acquired by the recruitment of management with prior international experience. Innovation also has positive exporting effects with more radical new-to-the-industry innovation most strongly linked to inter-regional exports; new-to-the-firm innovation is more strongly linked to intra-regional trade. Early internationalisation is also linked positively to the number of countries to which firms export and the intensity of their export activity. We find no evidence, however, relating early internationalisation to extra-regional exporting providing further evidence that firms tend be 'born regional' rather than 'born global'. Implications for policy and practice are discussed.