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Persistence in exporting: cumulative and punctuated learning effects

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Persistence in exporting matters, because firms with continuous exposure to export markets derive greater benefit from exporting than do sporadic exporters. Conceptually, however, export persistence is poorly understood, and is typically explained by sunk costs leading to high export exit costs. We develop a model which is based around different patterns of learning by exporting: in particular, we show how cumulative previous exporting can help lengthen subsequent exporting spells, but that this can be compromised by the punctuated learning arising from a pattern of sporadic exporting. Firms with episodic exporting exhibit different learning patterns from continuous exporters, and are less likely to develop the deep routine-based learning that comes from constant exposure to managing export markets. Using data from Spanish manufacturers over a 22 year period we find support for this model of cumulative and punctuated learning by exporting. We also demonstrate the importance of firms' reactions to home and overseas demand in determining export duration patterns, and highlight how these effects differ between large and small firms.