

**Authors**

David Atkin  
Massachusetts Institute of Technology

Amit Khandelwal  
Columbia University

Adam Osman  
University of Illinois at Urbana-Champaign

THE  
QUARTERLY JOURNAL  
OF ECONOMICS

Vol. 132 May 2017 Issue 2

EXPORTING AND FIRM PERFORMANCE: EVIDENCE FROM  
A RANDOMIZED EXPERIMENT\*

DAVID ATKIN  
AMIT K. KHANDELWAL  
ADAM OSMAN

We conduct a randomized experiment that generates exogenous variation in the access to foreign markets for rug producers in Egypt. Combined with detailed survey data, we causally identify the impact of exporting on firm performance. Treatment firms report 16–26% higher profits and exhibit large improvements in quality alongside reductions in output per hour relative to control firms. These findings do not simply reflect firms being offered higher margins to

\*We thank Abdelrhman Nagy, Magdy El-Messisi, Anaf Hiding, Salah El-Ganay, Ashraf Ismail, Mohamed Abo Shaaban, Sherif Abo Shady and the firms who participated in our sample. We also thank the staff at Aid to Artisans and Creative Learning including Liam Smith, Sharon Shimmy, Mary Cochran, Maud Mahika, and Bill Kravant, as well as Ray Pisman and Christopher Uley for introducing us. We are grateful to Josephine Gauthier for her excellent research assistance. We thank the editor (Pol Antras) and five anonymous referees. We also thank Nicholas Bloom, Juan Carlos Hidalgo, David McKenzie, Nina Pevzner, Jim Tybout, Eric Verhoogen, Christopher Woodruff, and multiple seminar participants for useful comments. We acknowledge generous funding from the International Growth Centre, Private Enterprise Development for Low-Income Countries, Innovations for Poverty Action, Economic Growth Center at Yale University, Middle East Center at Yale University and the James A. Chanos Institute for Global Business at Columbia Business School. Yale IRB Approval #100100247 (Atkin and Osman were at Yale University during the experiment), Columbia IRB Approval #AAA49828.

© The Authors 2017. Published by Oxford University Press on behalf of President and Fellows of Harvard College. This is an Open Access article distributed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited. For commercial re-use, please contact [pear.oxford@oup.com](mailto:pear.oxford@oup.com).  
The Quarterly Journal of Economics (2017), 132(1), 551–615. doi: 10.1093/qje/qjz002  
Advance Access publication on February 17, 2017.

551

Downloaded from <http://academic.oup.com/qje/advance-article-abstract/doi/10.1093/qje/qjz002/1321015/5510022> by guest on 10 February 2017

## Exporting and Firm Performance: Evidence from a Randomized Trial

We conduct a randomized experiment that generates exogenous variation in the access to foreign markets for rug producers in Egypt. Combined with detailed survey data, we causally identify the impact of exporting on firm performance. Treatment firms report 16–26% higher profits and exhibit large improvements in quality alongside reductions in output per hour relative to control firms. These findings do not simply reflect firms being offered higher margins to manufacture high-quality products that take longer to produce. Instead, we find evidence of learning-by-exporting whereby exporting improves technical efficiency. First,

treatment firms have higher productivity and quality after controlling for rug specifications. Second, when asked to produce an identical domestic rug using the same inputs and same capital equipment, treatment firms produce higher quality rugs despite no difference in production time. Third, treatment firms exhibit learning curves over time. Finally, we document knowledge transfers with quality increasing most along the specific dimensions that the knowledge pertained to.

May 01, 2017