

The anatomy of export SMEs efficiency: Too small to be productive in international markets?

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Abstract

This paper aims to analyze the drivers of firm technical efficiency among Italian exporter small-to-medium enterprises (SMEs). It fills a gap in the literature focusing on international SMEs' performance, by relating their profit and cost efficiency to a set of core determinants. We find that profit efficiency downgrades as export intensity grows, unless the firm does not achieve a medium scale. The evidence exhibits a further intriguing trend: regardless of firm dimension, human capital shows a non-monotonic relationship with both firm profit and the cost efficiency score. The firm's financial burden also affects its efficiency performance negatively for profit but positively for cost. Conversely, higher indebtedness induces better profit efficiency for medium-sized enterprises, but this effect reverts for smaller firms. These results have important policy implications, not only for policymakers but also for firm management, for pursuing a competitive advantage to navigate the stormy international market.

Keywords: Small-to-medium enterprises (SMEs); Technical efficiency; Export intensity; Workforce expertise; Debt sustainability.

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