Export Participation and Technical Efficiency in East African Manufacturing Firms

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Abstract
The study analyzed two explanations for the positive association between export-participation status and efficiency, i.e., self-selection of the relatively more efficient firms into exporting, and learning-by-exporting. Measures of firm-level efficiency using Data Envelopment Analysis (DEA) were estimated to investigate the relationship between export participation and firm-level efficiency. As a result of the binary nature of the export participation, probit technique was used to estimate the export participation equation. No evidence of self-selection by the relatively more efficient firms into exporting was found, as lagged efficiency does not affect the probability of exporting in East African manufacturing firms. One explanation is that factors other than technical efficiency may be playing a more prominent role as determinants of the export decision in East African manufacturing firms.