

Reply to the Referee 1 Report

We would like to thank the referee 1 for the careful reading and the valuable comments that helped us to improve the manuscript. Hereafter, the item-by-item response for each comment is provided.

Comment 1: The paper of Movahedi et al. is a very interesting study. It studies new dimensions of the firms' decision to export. More precisely, the paper allows to review the role of productivity in the firms' decision to export. In addition, the authors aim to considering other elements most likely to play on the firms' export decision: the willingness of the firm manager to export and the confidence of the firm in the success of the export project.

I suggest a major revision of the paper before it is published. My comments are as follows:

1. Strength

- The paper is well presented.
- The paper contributes to the literature on firms' export decisions and performances. It also finds new results that contradict some implications of well-known models in the literature, so the paper is engaging.
- The model is simple but it can be seen as a basis for more developed future research.

Response 1:

We would like to thank the reviewer for raising this comment.

Comment 2: First and importantly, the authors should check carefully the correctness of their language. I am not a native English speaker but it seems to me that the paper is not proofread properly. In addition, some turns of phrase the authors use need to be replaced.

Response 2:

We will take care over the text and proofread the paper by a native English speaker.

Comment 3: -The authors should be more rigorous in the presentation of the models related to their study (e.g., Melitz, 2003).

Response 3: we will make a more thorough and complete review of related theoretical models such as Melitz (2003), Yeaple (2005), Constantini and Melitz (2008) and Albornoz, Calvo, Corcos and Ornelas (2012).

Comment 4: - The paper should not be published without a more discussion of the significance of the results the authors obtain regarding the literature.

Response 4: A more engaged discussion of the results obtained in our model compared to those of the previous models will be realized in the new version of the paper.

Comment 5: The authors assume that firms prefer the self-financing to invest in their export projects. This assumption should be discussed more in the new version of the paper.

Response 5:

We will discuss more this assumption in the new version of the paper. Indeed, this hypothesis is intended to integrate the mechanism of conscious self-selection (Movahedi, Shahbazi, Gaussens, 2017) into the model. The assumption of the self-financing to invest in export is in line with some empirical studies such as (Bellone, Musso, Nesta & Schiavo (2010) that firms enjoying better financial health are more likely to become exporters. Also, according to our survey carried out in 2013 on a representative sample of the 128 industrial SMEs in the French Normandy region, only 20.3% (7.8%) of the companies in our sample used (have the intention to use) aid for their export projects during the last three years of the investigation.

- Comment 6: The same remark is true for the assumption that ρ depends on the level of information that firm has on export projects.

Response 6:

We will complete the discussion of this hypothesis based on several empirical studies on this topic. For example, Kneller & Pisu (2006) found that UK firms with export experience are easier to enter new export markets. Similar observations have been observed in other countries such as Colombia (Eaton J., Eslava, Kugler and Tybout, 2008), Ireland (Lawless, 2009), Argentina (Albornoz and al., 2012), Russia (Schmeiser, 2012), (Amador and Opromolla, 2013), Turkey (Cebeci and Fernandes, 2014), Portugal and Sweden (Sheard, 2014).

Comment 7: Page 9: The authors mentioned that “In these conditions, the monotonous relationship between productivity and export profitability is no longer valid (Figure 3)”. It is not so obvious and this paragraph should be rewritten in order to convince the reader.

Response 7:

As suggested by the referee, we will rephrase our sentence and develop our idea in a new version of the paper. Indeed, in agreement with founding models as Melitz (2003), our model demonstrate that a higher productivity leads, all other things being equal, to the firm' decision to export. But, in our model as opposed to the founding models, this relationship may be influenced by other variables that relativize or in some circumstances reverse the role of the higher productivity in the firm' decision to export. This prediction explains the observations of some studies such as Lileeva and Trefler (2010) which shows that not all productive firms feel the need to export.

Comment 8: 3. Typos

- Page 2, line -12: ...in better integrating the two observations...
- Page 3, line +9: ...25% of exporters are the new exporters often...
- Page 5, line +9: is evaluated by assuming than that
- Title Figure 1: feasibility cast cost
- References: In subsequent citations, only use the first author's last name followed by "et al." when more than two authors are considered.
- Footnote callouts should appear after terminal punctuation.

Response 8:

We will correct typos, modify the citations and change the location of the footnote callouts.

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